

By Mr. HAWES: A bill (H. R. 7406) granting an increase of pension to Melvina Foster; to the Committee on Invalid Pensions.

By Mr. JOHNSON of Illinois: A bill (H. R. 7407) granting an increase of pension to Helen Underwood; to the Committee on Invalid Pensions.

By Mrs. KAHN: A bill (H. R. 7408) for the relief of Joseph A. McCarthy; to the Committee on Claims.

By Mr. KETCHAM: A bill (H. R. 7409) to correct the military record of Sylvester De Forest; to the Committee on Military Affairs.

By Mr. KIESS: A bill (H. R. 7410) for the relief of John A. Odell; to the Committee on Military Affairs.

Also, a bill (H. R. 7411) granting a pension to George D. Helwig; to the Committee on Invalid Pensions.

By Mr. LUCE: A bill (H. R. 7412) granting a pension to Martin Rourke; to the Committee on Pensions.

By Mr. MOORE of Ohio: A bill (H. R. 7413) granting an increase of pension to Lydia L. Shepler; to the Committee on Invalid Pensions.

By Mr. O'CONNELL of Rhode Island: A bill (H. R. 7414) granting an increase of pension to Estella Bolster; to the Committee on Pensions.

By Mr. PRATT: A bill (H. R. 7415) granting an increase of pension to Helen L. Porter; to the Committee on Invalid Pensions.

By Mr. RAKER: A bill (H. R. 7416) for the relief W. F. Peck and M. B. Gott; to the Committee on Claims.

Also, a bill (H. R. 7417) for the relief of J. A. Perry; to the Committee on Claims.

By Mr. SANDERS of New York: A bill (H. R. 7418) granting a pension to Anna Hoffman; to the Committee on Invalid Pensions.

By Mr. SMITH: A bill (H. R. 7419) granting an increase of pension to Nancy A. Stewart; to the Committee on Invalid Pensions.

By Mr. SWEET: A bill (H. R. 7420) granting an increase of pension to Florence I. Bennett; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7421) granting an increase of pension to Elizabeth Gregory; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7422) granting a pension to Lillian L. Near; to the Committee on Invalid Pensions.

By Mr. SWING: A bill (H. R. 7423) granting an increase of pension to John W. Horton; to the Committee on Pensions.

By Mr. TAYLOR of Tennessee: A bill (H. R. 7424) for the relief of the Guamoco Mining Co.; to the Committee on Claims.

Also, a bill (H. R. 7425) granting a pension to James M. Allen; to the Committee on Pensions.

Also, a bill (H. R. 7426) granting a pension to Angeline Norman; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7427) granting a pension to Lillard Collins; to the Committee on Pensions.

Also, a bill (H. R. 7428) granting an increase of pension to James K. White; to the Committee on Pensions.

By Mr. THATCHER: A bill (H. R. 7429) for the relief of Joseph L. Rahm; to the Committee on Military Affairs.

By Mr. THURSTON: A bill (H. R. 7430) granting an increase of pension to Walter A. Fleming; to the Committee on Pensions.

Also, a bill (H. R. 7431) granting an increase of pension to Lucia Clark; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7432) granting an increase of pension to Louisa White; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7433) granting an increase of pension to Melissa J. Jaques; to the Committee on Invalid Pensions.

By Mr. TILLMAN: A bill (H. R. 7434) for the relief of John I. Barnes; to the Committee on Claims.

Also, a bill (H. R. 7435) for the relief of Robert M. Angus; to the Committee on Military Affairs.

Also, a bill (H. R. 7436) granting a pension to Addie Bayles; to the Committee on Pensions.

Also, a bill (H. R. 7437) granting a pension to John Son; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7438) granting a pension to Nancy E. Huff; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7439) granting an increase of pension to Ida Alexander; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7440) granting an increase of pension to Charity Maynard; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7441) granting a pension to Mary A. Thompson; to the Committee on Invalid Pensions.

By Mr. TILSON: A bill (H. R. 7442) granting an increase of pension to Katie J. Jerolmon; to the Committee on Invalid Pensions.

By Mr. TOLLEY: A bill (H. R. 7443) granting an increase of pension to Emma Wheeler; to the Committee on Invalid Pensions.

By Mr. WEAVER: A bill (H. R. 7444) granting a pension to Elizabeth Ramsey; to the Committee on Pensions.

By Mr. WILLIAMS of Illinois: A bill (H. R. 7445) granting an increase of pension to Mary J. Seel; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7446) granting an increase of pension to Emily J. Cambron; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7447) granting an increase of pension to Charles O. Ryan; to the Committee on Pensions.

By Mr. WYANT: A bill (H. R. 7448) granting an increase of pension to Emma Gordon; to the Committee on Invalid Pensions.

By Mr. CHAPMAN: A bill (H. R. 7449) for the erection of a public building in the city of Eminence, Ky., and authorizing money to be appropriated therefor; to the Committee on Public Buildings and Grounds.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

338. By Mr. BARBOUR: Resolution adopted by Modesto-Turlock Typographical Union, No. 689, of Modesto, Calif., urging a revision of the postal laws relating to rates on direct mail advertising; to the Committee on the Post Office and Post Roads.

339. By Mr. DYER: Petition of sundry citizens of St. Louis, Mo., requesting legislation that will correct the classification law concerning Federal employees except the Post Office Service; to the Committee on the Civil Service.

340. By Mr. LEATHERWOOD: Resolution of the Chamber of Commerce, Cedar City, Utah, supporting Federal aid on interstate highways; to the Committee on Roads.

341. By Mr. ROUSE: Resolution of Joe Hooker Women's Relief Corps, of Dayton, Campbell County, Ky., indorsing the increase of pensions for Civil War veterans and their widows; to the Committee on Invalid Pensions.

342. By Mr. YATES: Petition of the Western Society of Engineers, by its board of directors, 53 West Jackson Boulevard, Chicago, praying in the name of 2,500 Western engineers that Congress pass the selective service law prepared by the Secretary of War so that an effective draft may be devised capable of being put into instant operation; to the Committee on Military Affairs.

343. Also, petition from Hon. James P. Ringley, president of the Cook County Association of the American Legion, favoring the holding of the Army-Navy game in Chicago in 1926; to the Committee on Military Affairs.

SENATE

TUESDAY, January 12, 1926

(Legislative day of Thursday, January 7, 1926)

The Senate reassembled at 12 o'clock meridian, on the expiration of the recess.

Mr. CURTIS. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Fess	La Follette	Robinson, Ind.
Bayard	Fletcher	Lenroot	Sackett
Bingham	Frazier	McKellar	Schall
Blease	George	McKinley	Sheppard
Borah	Gerry	McLean	Shipstead
Bratton	Gillett	McMaster	Shortridge
Brookhart	Glass	McNary	Simmons
Broussard	Goff	Mayfield	Smith
Bruce	Gooding	Means	Smoot
Butler	Greene	Metcalf	Stanfield
Cameron	Hale	Moses	Stephens
Capper	Harrell	Neely	Swanson
Caraway	Harris	Norris	Trammell
Copeland	Harrison	Oddie	Tyson
Couzens	Heflin	Overman	Underwood
Curtis	Howell	Pepper	Wadsworth
Dale	Johnson	Pine	Walsh
Deneen	Jones, N. Mex.	Pittman	Warren
Dill	Jones, Wash.	Ransdell	Watson
Edge	Kendrick	Reed, Mo.	Wheeler
Ernst	Keyes	Reed, Pa.	Williams
Ferris	King	Robinson, Ark.	Wills

The VICE PRESIDENT. Eighty-eight Senators having answered to their names, a quorum is present.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Farrell, its enrolling clerk, announced that the House had passed bills of the following titles, in which it requested the concurrence of the Senate:

A bill (H. R. 4785) to enable the Rock Creek and Potomac Parkway Commission to complete the acquisition of the land authorized to be acquired by the public buildings appropriation act, approved March 4, 1913, for the connecting parkway between Rock Creek Park, the Zoological Park, and Potomac Park;

A bill (H. R. 6707) making appropriations for the Department of the Interior for the fiscal year ending June 30, 1927, and for other purposes; and

A bill (H. R. 4812) to amend an act entitled "An act making it a misdemeanor in the District of Columbia to abandon or willfully neglect to provide for the support and maintenance by any person of his wife or his or her minor children in destitute or necessitous circumstances," approved March 23, 1906.

PETITIONS

Mr. PEPPER presented a petition of the Philadelphia (Pa.) Board of Trade praying for the ratification of the debt settlement agreements between the United States and Italy, Belgium, Czechoslovakia, Rumania, Esthonia, and Latvia, which was referred to the Committee on Finance.

Mr. WHEELER. I send to the desk and ask that it be read and lie on the table a telegram which I have received in reference to the World Court.

There being no objection, the telegram was ordered to lie on the table, and was read, as follows:

HELENA, MONT., January 11, 1926.

Senator B. K. WHEELER,
Washington, D. C.:

Following organizations have reported in last two weeks resolutions asking adherence to World Court, Swanson plan: Montana Educational Association, Montana American Legion, Montana League of Women Voters, Montana Federation of Women's Clubs, and all of the seven district meetings Montana Women's Christian Temperance Union, State Farmers' Union, State Osteopathic Association, and several State church organizations. Local organizations replying: Kallispell Women's Christian Temperance Union, North Central District Educational Association, Electric Highway Unit Educational Association, Bridger Women's Club, League Women Voters of Butte, Helena, Great Falls, Kallispell, and Belt; United Mine Workers of Roundup, also of Klein; Smelterman's Union, Great Falls; Living Springs Women's Club, Wisdom Women's Club, Congregational Church, Livingston; Kallispell Commercial Club, Billings Commercial Club, Helena Commercial Club, Broadwater Farmers' Union, Helena University Association, University Women, Helena Women's Club. World Court memorial passed both houses of legislature 3 to 1 vote.

MONTANA WORLD COURT COMMITTEE.

J. E. ERICKSON,

Honorary President.

CHANCELLOR M. A. BRANNON,

Executive President.

I. W. CHOATE, *Secretary.*

Mrs. E. K. BOWMAN,

Office Secretary.

Mr. WILLIS presented resolutions adopted at a mass meeting held in the Hippodrome Theater, Marietta, Ohio, under the auspices of the Ministerial Association of that city, favoring the participation of the United States in the Permanent Court of International Justice, which were ordered to lie on the table.

Mr. WILLIS. Mr. President, at a recent convention of the American Legion some very important resolutions were adopted on the subject of world peace. I ask unanimous consent that they be printed in the RECORD and lie on the table.

There being no objection, the resolutions were ordered to lie on the table and to be printed in the RECORD, as follows:

The following resolutions on the subject of world peace were adopted at the Seventh National Convention of the American Legion at Omaha, October 5 to 9:

"The will to peace is the way to peace. No other persons know so well the nature of modern war, its horrors and evils, as well as its heroism and splendid patriotism, as do the members of the American Legion. We therefore, perhaps most of all, desire peace, provided that it be a just peace and the members of the American Legion, together with our comrades of the World War, may well point the way to peace and good will on earth. That is a duty which we owe, not only to our children, but to those who died in the belief which America pledged to them that our war was to end war, and not otherwise may we keep faith with them.

"The Legion is already on record, through the action of its national convention, in regard to the F. I. D. A. C., and is giving the fullest indorsement and support to the principle of international cooperation; and to the attempt to substitute for war the processes of reason in the settlement of disputes among nations without, of course, a surrender of our sovereignty.

"A better method than war must be found for settling international disputes.

"Such disputes are of two general classes:

"(1) Controversies legal in character and therefore properly justiciable; and

"(2) Contested claims having political aspects which require for solution at least quasi-legislative processes.

"For the first class, judicial tribunals or courts, properly constituted and regulated by law, should be available, to which disputants should be encouraged to report, while for the second class some further means are required to bring to bear the forces of world opinion upon those tempted to break its peace.

"General declarations of purposes and principles, however high, fall short of the present need.

"International cooperation to prevent war must displace international competition in war itself.

"Your committee therefore recommends to the Legion the adoption of the following peace program:

"1. The maintenance of adequate force for internal and external national defense.

"2. The prompt enactment into law of the principle of the universal draft.

"3. The immediate adherence by the United States to a Permanent Court of International Justice.

"This should be the chief objective of Legion peace activities, and every influence and power of the Legion should be exerted to press the matter to a favorable vote in the United States Senate at the earliest practicable date.

"4. The committee makes no recommendations for or against the entry by the United States into the League of Nations. We do, however, recommend that our Nation continue its cooperation in such of the activities of the league as may from time to time be approved by our Government. We further recommend the maintenance of an official observer at the seat of the league without uniting in its covenants. Full publicity should be given to the reports of the observer as to its sessions, conferences, and activities.

"5. The indorsement of the holding of international conferences to promote world security, disarmament, the codification of international law, and the arbitral settlement of disputes, with the respectful suggestion to the President of the United States to secure the inclusion in the agenda of the next conference to be called by or to be attended by the United States the consideration of the problem of effectively outlawing a nation waging a war of aggression.

"6. The maintenance and strengthening of the fraternal bonds between the American Legion and the F. I. D. A. C., in the common cause of promoting a better understanding among the nations of the earth and close cooperation with the F. I. D. A. C. in carrying out its educational program adopted at its recent convention in Rome for the purpose of educating the youths of the nation to understand, sympathize, and cooperate with those of other countries.

"7. We urge writers and teachers of the youth of our land to inculcate in their pupils an appreciation not only of our own national virtues but also of those of other nations and races, and an understanding with and sympathy for their glories and ideals. We advocate an exchange on a large scale of pupils and teachers with foreign countries in our schools and universities. International sports should be encouraged. We advocate the truthful exposition of the facts of history to the end that the causes of wars may be recognized and determined.

Those charged with the responsibility of teaching the young are urged and requested to study how best to educate mankind in international good will. The national commander is urged to refer to the proper committee of the Legion the study of the same problem, with instructions to report at the 1926 convention.

News gathering and disseminating agencies are urged to guard against the dissemination of inflammatory dispatches from and to foreign countries which represent the sentiments of only a small minority of a country's citizens. Attention is called to the Walter Hines Page School of International Relations at Johns Hopkins University, the first school of its kind in America or Europe.

8. We recommend that the work of this committee and of the Permanent Foreign Relations Commission shall be merged and carried on hereafter by that commission; that the name of that commission should be changed to the commission on world peace and foreign relations; and that three more persons shall be added to the commission, who shall, together with such other members of the commission as the commander may designate, constitute a subcommittee charged with the consideration of questions affecting world peace. The commission, during the coming year, shall study the question of the proper relation

of the United States to the League of Nations and shall report to the 1926 convention. We suggest to departments and posts that this question shall constitute a special order of the coming year. We further suggest to departments and posts the advisability of their appointing world-peace committees. In conclusion, we urge that each recurring armistice day should be used as an occasion for reckoning the progress made by America in the promotion of world peace as the great objective of the World War.

INVESTIGATION OF THE BUREAU OF INTERNAL REVENUE

Mr. COUZENS, from the Select Committee on the Investigation of the Bureau of Internal Revenue, submitted a partial report (No. 27) on the operations of the Bureau of Internal Revenue, pursuant to Senate Resolution 168 of the Sixty-eighth Congress, which, with the illustrations, was ordered to be printed.

BILLS AND A JOINT RESOLUTION INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. FLETCHER:

A bill (S. 2365) fixing the per diem allowance of officials of the United States district courts when necessarily absent from their official residence on official business; to the Committee on the Judiciary.

By Mr. GERRY:

A bill (S. 2366) granting an increase of pension to Mary N. Clark; to the Committee on Pensions.

By Mr. TYSON:

A bill (S. 2367) to provide a site and erect a public building thereon at Jefferson City, Tenn.; to the Committee on Public Buildings and Grounds.

By Mr. BAYARD:

A bill (S. 2368) for the relief of Ocean Steamship Co. (Ltd.), a British corporation; to the Committee on Claims.

By Mr. NORRIS:

A bill (S. 2369) for the relief of Joseph F. Becker; to the Committee on Naval Affairs.

By Mr. FESS:

A bill (S. 2370) to authorize the Secretary of War to grant to the New York, Chicago & St. Louis Railway Co., its successors or assigns, a perpetual easement for railroad right of way over and upon Camp Sherman Military Reservation in the State of Ohio; to the Committee on Military Affairs.

By Mr. MEANS:

A bill (S. 2371) for the adjustment of water-right charges on the Uncompahgre irrigation project, Colorado, and for other purposes; to the Committee on Irrigation and Reclamation.

By Mr. ODDIE:

A bill (S. 2372) authorizing the use of the United States reclamation fund for the construction of power and transmission lines on the Newlands irrigation project, Nevada, and providing for the repayment of the funds so used; to the Committee on Irrigation and Reclamation.

By Mr. HARRELD:

A bill (S. 2373) to amend the act entitled "An act for the retirement of employees in the classified civil service, and for other purposes," approved May 22, 1920, and acts in amendment thereof; to the Committee on Civil Service.

By Mr. WILLIS:

A bill (S. 2374) granting an increase of pension to Isabel Schatzman (with accompanying papers); and

A bill (S. 2375) granting an increase of pension to Elizabeth P. Aiken (with an accompanying paper); to the Committee on Pensions.

By Mr. NEELY:

A bill (S. 2376) granting a pension to G. F. Robinson;

A bill (S. 2377) granting an increase of pension to Mary C. Decker; and

A bill (S. 2378) granting an increase of pension to Manervy Jackson; to the Committee on Pensions.

By Mr. JOHNSON:

A bill (S. 2379) making appropriation to complete the public building at Red Bluff, Tehama County, Calif.; to the Committee on Appropriations.

A bill (S. 2380) increasing the limit of cost of a public building and site at Red Bluff, Tehama County, Calif.; and

A bill (S. 2381) providing for the erection of a public building at the city of San Bernardino, Calif.; to the Committee on Public Buildings and Grounds.

By Mr. CAPPER:

A bill (S. 2382) to provide for the erection of a National Guard armory in the District of Columbia as a memorial to those who served in the military or naval forces of the United States during times of war; to the Committee on the District of Columbia.

By Mr. McKELLAR:

A bill (S. 2383) for the relief of Eureka Cotton Mills (with accompanying papers);

A bill (S. 2384) for the relief of Jacob D. Nelson;

A bill (S. 2385) to reimburse Horace A. Choumard, chaplain in Twenty-third Infantry, for loss of certain personal property;

A bill (S. 2386) for the relief of the Shelby Medical College, of Nashville, Tenn.;

A bill (S. 2387) for the relief of Lillian Powell Beach;

A bill (S. 2388) for the relief of the Hottum-Kennedy Dry Dock Co., of Memphis, Tenn.;

A bill (S. 2389) to reimburse Capt. K. E. Kern, Fifty-fourth Infantry, for certain expenditures;

A bill (S. 2390) for the relief of Minta Goike;

A bill (S. 2391) for the relief of the estate of Matthew C. Butler, jr., deceased;

A bill (S. 2392) for the relief of Daniel M. Whitaker;

A bill (S. 2393) for the relief of the legal representatives of Enoch Ensley, deceased;

A bill (S. 2394) for the relief of Mary Whitaker Moffatt;

A bill (S. 2395) for the relief of the heirs of Robert E. L. Rogers;

A bill (S. 2396) for the relief of Emma Grooms;

A bill (S. 2397) for the relief of the Crystal Steam Laundry;

A bill (S. 2398) for the relief of the heirs of Robert E. L. Rogers; and

A bill (S. 2399) to carry into effect the findings of the Court of Claims in matter of the claim of the Overton Hotel Co.; to the Committee on Claims.

A bill (S. 2400) to correct military record of Thomas H. Nolley;

A bill (S. 2401) reappointing Edgar C. Campbell as pay clerk in Quartermaster Corps, United States Army, with rank of second lieutenant;

A bill (S. 2402) to correct the military record of E. D. Judkins;

A bill (S. 2403) to correct the military record of Alfred Clark;

A bill (S. 2404) for the relief of Walter L. Watkins, alias Harry Austin;

A bill (S. 2405) for the relief of Alfred Clark; and

A bill (S. 2406) for the relief of Barneybas Eastridge; to the Committee on Military Affairs.

A bill (S. 2407) granting an increase of pension to Milton S. Kyser;

A bill (S. 2408) granting an increase of pension to Charles Connor;

A bill (S. 2409) granting a pension to L. F. Pampe;

A bill (S. 2410) granting a pension to Susan E. Nash;

A bill (S. 2411) granting a pension to Emil K. Schroeder;

A bill (S. 2412) granting a pension to Eva Durham;

A bill (S. 2413) granting a pension to Mary E. Martin;

A bill (S. 2414) granting a pension to Ruben B. Hyder;

A bill (S. 2415) granting a pension to James O. Cardin;

A bill (S. 2416) granting a pension to James R. Lewis;

A bill (S. 2417) granting a pension to Oscar E. Glenn;

A bill (S. 2418) granting a pension to Johnson Ensor;

A bill (S. 2419) granting a pension to Oscar E. Burrow;

A bill (S. 2420) granting a pension to F. W. Gerding;

A bill (S. 2421) granting a pension to William M. Robinson;

A bill (S. 2422) granting an increase of pension to Frank M. Wells;

A bill (S. 2423) granting an increase of pension to J. S. Driggs;

A bill (S. 2424) granting an increase of pension to Samuel Hawkins;

A bill (S. 2425) granting an increase of pension to Sarah M. Brown;

A bill (S. 2426) granting an increase of pension to George W. Pinion;

A bill (S. 2427) granting an increase of pension to Robert T. C. Blevins;

A bill (S. 2428) granting an increase of pension to Sallie Blevins;

A bill (S. 2429) granting an increase of pension to Joseph T. Spence;

A bill (S. 2430) granting an increase of pension to Annie N. Sullivan;

A bill (S. 2431) granting an increase of pension to John L. Dick;

A bill (S. 2432) granting an increase of pension to Anita Stephens;

A bill (S. 2433) granting an increase of pension to Percy H. Allen;

A bill (S. 2434) granting an increase of pension to Margaret Howell Butler;

A bill (S. 2435) granting a pension to George A. Huffar;

A bill (S. 2436) granting a pension to Florence Storr;

A bill (S. 2437) granting a pension to Patrick S. Horton;

A bill (S. 2438) granting an increase of pension to Murray Pierce;

A bill (S. 2439) granting a pension to Mary A. Huckaba;

A bill (S. 2440) granting a pension to James Besheers;

A bill (S. 2441) granting a pension to George W. Hacker; and

A bill (S. 2442) granting a pension to Albert M. Griffith; to the Committee on Pensions.

A bill (S. 2443) for the relief of Robert K. Christenberry; to the Committee on Naval Affairs.

By Mr. SHORTRIDGE:

A bill (S. 2444) for the relief of Lilly O. Dyer; to the Committee on Foreign Relations.

By Mr. RANDELL:

A bill (S. 2445) for the relief of the heirs of Gen. Dick Taylor; and

A bill (S. 2446) for the relief of E. L. F. Auffurth and others; to the Committee on Claims.

By Mr. GOFF:

A bill (S. 2447) to amend the act of Congress approved March 4, 1913; to the Committee on Public Buildings and Grounds.

A bill (S. 2448) to authorize the Norfolk & Western Railway Co. to construct a bridge across the Tug Fork of Big Sandy River at or near a point about 2½ miles east of Williamson, Mingo County, W. Va., and near the mouth of Lick Branch; to the Committee on Commerce.

By Mr. WARREN:

A bill (S. 2449) for the adjustment of water-right charges on the Shoshone irrigation project, Wyoming, and for other purposes; to the Committee on Irrigation and Reclamation.

By Mr. McKINLEY:

A bill (S. 2450) to provide for the erection of a public building at West Frankfort, Ill.; to the Committee on Public Buildings and Grounds.

A joint resolution (S. J. Res. 39) to create a commission to secure plans and designs for and to erect a monument or memorial building in the city of Washington to the memory of the negro soldiers and sailors who fought in the wars of our country and the late World War; to the Committee on the Library.

AMENDMENT TO TAX REDUCTION BILL

Mr. FLETCHER submitted an amendment intended to be proposed by him to House bill 1, the tax reduction bill, which was referred to the Committee on Finance and ordered to be printed.

COMMITTEE SERVICE

On motion of Mr. ROBINSON of Arkansas, and by unanimous consent, it was

Ordered, That the senior Senator from Texas [Mr. SHEPPARD] be excused from further service upon the Committee on the District of Columbia, and that the junior Senator from Maryland [Mr. BAUCHE] be appointed a member of the committee in the place of the senior Senator from Texas.

HOUSE BILLS REFERRED

The following bills were severally read twice by title and referred as indicated below:

H. R. 6707. An act making appropriations for the Department of the Interior for the fiscal year ending June 30, 1927, and for other purposes; to the Committee on Appropriations;

H. R. 4785. An act to enable the Rock Creek and Potomac Parkway Commission to complete the acquisition of the land authorized to be acquired by the public buildings appropriation act, approved March 4, 1913, for the connecting parkway between Rock Creek Park, the Zoological Park, and Potomac Park; and

H. R. 4812. An act to amend an act entitled "An act making it a misdemeanor in the District of Columbia to abandon or willfully neglect to provide for the support and maintenance by any person of his wife or his or her minor children in destitute or necessitous circumstances," approved March 23, 1906; to the Committee on the District of Columbia.

THE INDUSTRIAL EAST AND THE AGRICULTURAL WEST

Mr. JONES of Washington. Mr. President, on January 9 the senior Senator from Oregon [Mr. McNARY] delivered a speech before the National Republican Club of the city of New York on the subject of "The Industrial East and the Agricultural West." I ask that the speech may be printed in the RECORD.

There being no objection, Mr. McNARY's speech was ordered to be printed in the RECORD, as follows:

Senator McNARY. Mr. Chairman, the subject assigned me is "The Industrial East and the Agricultural West." It would be asking too much to expect a Member of the United States Senate to speak directly to the subject before him, so if I come within a comfortable distance of the subject matter I shall be entitled to your commendation.

The industrial East is the marvel of the world and the pride of all Americans. Its growth has been so rapid, strong, and secure as to challenge the facts of history. Indeed, he who writes the history of the past century and the one now upon us must find a reservoir of industrial growth as entrancing as was the story of the discovery of gold in '49 to the hardy pioneers of the East who wished for a good reason to go West. Your factories and furnaces, buildings and banks, your commerce, and congestion present social and economic factors which attract and awe. You are more conversant with these problems than I.

Let me turn to a subject with which I am more familiar—the West and its wealth—and its struggle for development under conditions imposed by the Government, with which we think you are unacquainted, and for that reason unsympathetic. I shall speak not alone of my native State of Oregon but of 11 of the public-land States lying immediately east of the Rocky Mountains, and thence across these mountains to the waters of the Pacific Ocean, a territory consisting of two-fifths of the area of all the States of the Union. Of this great empire, 400,000,000 acres are in national ownership, being 52 per cent of the total area of these States, a territory as large as that of the following States combined: Massachusetts, Rhode Island, Connecticut, Maine, Vermont, New Hampshire, New York, Pennsylvania, New Jersey, Maryland, Delaware, Virginia, West Virginia, North Carolina, South Carolina, Georgia, Florida, Ohio, Indiana, Kentucky, Tennessee, and the District of Columbia.

The people of these States are members of an involuntary copartnership with the Federal Government, imposed upon these States as a condition of sovereignty. Since jurisprudence has become a rule of human conduct, embodied in the common law and written into statutes, each partner to a given enterprise must contribute his share of the capital invested and share his proportion of the losses and profits incident to the venture.

The proposition I desire to develop is that the National Government does not fulfill its duty as a partner nor carry its proportion of the load in compliance with its moral obligation. Unhappily when the Government attempts to assume its part of the obligation by granting aid in the great work of reclamation by irrigation of the arid areas, or by the construction of permanent highways, or the destruction of the predatory animals that infest the mountain fastnesses, some of the press and some of the politicians of the country set up a hue and cry against the terrible tendency of the Federal Government to subsidize the States, thereby developing a despotic central government, absorbing the powers of the States, and threatening the liberties of individual citizens.

This unfortunate state of mind is a product of misinformation, wedded to smug provincialism. All thoughtful persons will concede that there has been a rapid extension of Federal powers since the Civil War, but that is quite apart from the Government's policy of making stingy contributions to the States, where it is the largest landholder.

At the present time the principal criticism against the Government's activities in the development of the West is directed at reclamation. Most people believe that the Federal Treasury is being invaded and the taxpayers' money lost in this commendable enterprise. Not at all. Not one cent is taken out of the funds of the National Government for this purpose. Recourse is had to western money accruing from the sale of western public lands and royalties from oil and coal deposited therein. Moreover these funds are not subsidies to the settlers upon these transformed deserts but are returned to the Government for employment again in the field of reclamation and eventually are covered into the Treasury of the United States for the use and benefits of the taxpayers of the country.

In a period of time, soon to equal a quarter of a century, the Government has expended from this special fund \$200,000,000 in the construction of reclamation projects, one-third of which has been repaid by the settlers upon these irrigation projects. Until economic depression settled over the agricultural industry in 1920, the delinquencies amounted only to 4 per cent, offering indisputable proof that under normal conditions the farmers upon these projects can and will repay to the Government all of the moneys used in this splendid undertaking.

Again, it is asserted by those who oppose Federal aid that the reclamation of desert lands brings into existence competitive areas which depress land values and the prices received for agricultural products in other sections of the country. This assertion fails when you are advised that three-fourths of the irrigated areas in these States are devoted to the growing of alfalfa and sugar beets. Alfalfa is fed to sustain during the rigorous winters the great flocks of sheep

and droves of cattle that feed upon the mountain sides and roam over the vast areas owned by the Federal Government. Without this supply of food and fodder these acres could not be utilized by the Government to its advantage and profit. The Reclamation Service reports that the annual production on these irrigated tracts amounts to one-half of 1 per cent of the total of the agricultural production of the country.

My friends, it is regrettable that some high in official life should decry against the further expansion of western reclamation and suggest that it is a failure. Better it would be for the country if they could cry out against those who defame this national undertaking, and tell the simple story of its achievements and the great part it has played in the building of virile and happy communities in the mountainous and arid West.

During 1924, which was an average year, on the 2,000,000 acres within the Federal projects, crops were grown with a gross value of \$110,000,000, and as a result of the aggregate investment by the Government of western moneys in the construction of these projects there are vested properties of a total value of \$700,000,000. Great reservoirs of local, State, and National taxation have been created. Agricultural production has been increased without injury to any section of the country, prosperous homes have been built, towns and cities have grown up, and a great market for all kinds of manufactured products has been established.

It is fit to recall the splendid vision Theodore Roosevelt had of the vast possibilities of the West. In a chapter of his autobiography devoted to "Natural resources of the Nation," he said: "The first work I took up when I became President was the work of reclamation." It was his judgment that reclamation, conservation, and proper utilization were all involved in one great plan for the development of our western country. In the same work President Roosevelt declares: "It is better for the Government to help a poor man make a living for his family than to help a rich man to make more profit for his company." Commenting upon this declaration, President Harding said in his speech, delivered August 31, 1920, speaking to a delegation of governors of Western States, while discussing the subject of reclamation: "The principle is particularly sound to-day. We have need to make these areas the seat of millions of new American families, just as we broke up our prairies and distributed them among strong, enterprising, vigorous men, who developed them into the great States of the Mississippi Valley."

Numerous and frequent protests are heard in the East against the policy of the Government appropriating funds directly from the Treasury to be used in cooperation with all the States in the construction of substantial highways, upon the theory that the populous and wealthy States are taxed to build good roads beyond the boundaries of their State lines. For the first time in the last decade this narrow sentiment found expression in the last session of Congress, but happily few supporters were found to promote this selfish movement. Where a nation's commerce is concerned, or the national defense is involved, State lines disappear. It is my opinion that a great majority of the people of the East prefer well-built and well-maintained interstate and national highways, even though adding a little to the cost of the Government, rather than have their national highways good in the wealthier States and poor in the poor States.

Until the Government endows these Western States with their birthrights, they must be content with the scant provision now being made for their growth, and the East should change its attitude of complaint to one of encouragement and gratification.

And let me remove another erroneous impression that the West receives greater benefactions than the other States of the Union. These States are custodians of the vast areas and fabulous resources of the Government for which they receive no consideration different or larger than other member States, except in the receipt of a small portion of the purchase price of timber sold in the national forests.

Assuming ultimately that the Government will deal fairly with these States, there are three avenues open to this desideratum.

The first involves a cession of the Government-owned lands to the States, thereby placing them on an equal footing with the other States of the Union.

The second course would impose on the Government the obligation of paying to the States a fund equal to a fair rate of taxation on its holdings, such as is the policy of the Government in the District of Columbia, where the Government appropriates one-half of the cost of administration, improvement, and of beautification of the District, upon the theory that it owns approximately one-half of the territorial area. If that principle were to be made applicable to the Government's lands in these 11 Western States, by placing the modest tax of \$1 per acre the Federal Government would contribute the huge sum of \$40,000,000 annually in taxation on its ownership of 400,000,000 acres.

I have heard no protest against the Government meeting its obligation to the District of Columbia, nor have I heard any strong voice in the East urging the same fair treatment be accorded the Western States, which have a more equitable demand upon the Government for the payment of taxes than has the District of Columbia, where the main source of the values imparted to privately owned properties springs

from the Government's activities and appropriations for public buildings and public purposes. In the West the Federal lands do not create wealth, because they are not improved, and therefore do not supply activities which bring people and create property values.

The third method would consist in the Government turning over to the States the major portion of moneys received from the sale of the public lands, the timber in the national forests, and the electrical power to be developed in the waters of the streams on the public domain.

Until one of these methods is adopted the Federal Government as a copartner should foster the development of each of the Western States in every way possible. In subsidies? No. The West has not received its just due. If the continent west of the Mississippi River had remained a wilderness, the East would not have been so big and rich as it is. If we trace the growth of some of the big fortunes in the East, we shall find their source in the rich mines, the great forests and water powers of the West.

My friends, I am not speaking with a purpose to incite sectional hatreds or jealousies. It is my desire only to combat the false idea that these are frontier States desirous of preying upon the older settled areas.

The question naturally arises whether the Rocky Mountain and Pacific Coast States possess potentialities of wealth sufficient to justify the National Government to enlarge its aid and further to enlist its helpful support. As a citizen of the far West and a Member of the Congress I think it should.

Of the numerous rich resources contained in these States, the first to which I shall briefly refer is our national forests, which cover approximately 135,000,000 acres. The aggregate area of the national forests of these 11 States is larger than the combined area of the entire 12 States of Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, Connecticut, New York, New Jersey, Pennsylvania, Maryland, Delaware, and West Virginia.

The immense value of this huge area of timberland can be appreciated when we are informed that our annual ration is about 50,000,000 board feet, with an additional loss of 10,000,000 due to fire, insects, and disease. In other words, my friends, our timber resources are being consumed about five times faster than they are being replaced by nature; and if this depletion continues, any normal imagination can approximate the time when we shall experience complete exhaustion of our timberlands.

Those who have studied the problem assert that within the next 20 years the burden of supplying the bulk of the country's need for lumber will rest upon the Pacific and Intermountain States. The appraised value of this great stand of timber is \$1,500,000,000, owned by the people of the United States and upon which the States collect no taxes, but do receive a small portion of the moneys received from the sale of the timber, small, indeed, as compared with their taxable value. On account of America's amazing appetite for wood it will not be long until the value of this timber will be much in excess of the present estimate.

If these national forests were privately owned they would be paying into the county and State treasuries of these western Commonwealths the sum of \$25,000,000 annually.

If we care to rely on the United States Geological Survey, the time is not far removed when there will be an exhaustion of the oil deposits of the country and the coal mines of the East, South, and Middle West. Then recourse must be had to the oil shales and coal deposits in these Western States. The Government estimates that the publicly owned coal lands embrace 30,000,000 acres and more than 200,000,000,000 tons of valuable coal, a quantity sufficient to heat our homes and to supply fuel to our factories for a comfortable period of time.

The Geological Survey reports an area of 5,000,000 acres of oil shale in the States of Colorado, Nevada, Utah, and Wyoming, with an estimated yield of 60,000,000,000 barrels, which, based upon present values of \$1.75 per barrel, would yield a revenue of \$105,000,000,000, a stupendous reservoir of oil which, under present rate of consumption, would last in the neighborhood of 90 years.

Then there is another resource, my friends, which in the years to come may be more valuable and more susceptible of economic use and human comforts than the others I have mentioned, and that is the great potential water power in the Mountain and Pacific States. The Government has supplied me with statistics estimating that 24,000,000 horsepower can be developed in the western streams, whereas there is only 34,000,000 horsepower that may be developed in all of the States of the Union. The man of science and inventive genius in each decade lengthening the road over which it is feasible to transmit electrical power, and the time will surely come when this immense western power potentiality may be utilized through the middle and eastern sections of our country.

Finally let me repeat the substance of a statement made by a Secretary of the Interior in his report for the year 1921—that the property held in reserve by the Federal Government in the Western public-land States and Alaska is of fabulous value, and estimates that the products from these lands will add \$150,000,000,000 to the wealth of the United States when the same are realized upon.

My friends, sound policy and equity would be served if the remainder of the public domain and all the resources associated therewith were delivered over by the Federal Government to the States. We could then dissolve our partnership with the Government and join you in the States' fight against Federal subsidies to rich States, which, it is argued, destroy State responsibility and weaken State initiative.

The discovery of a gold, silver, or copper mine in far-off Nevada may mean the construction of an office building in a large Eastern city. The building of another reclamation project in the West might well justify an extension of the automobile industry. Increased utilization and production of the national forests is an answer to the increasing demands for wood pulp and newsprint paper. The development of hydroelectric energy will supply the growing want for additional power for farms and factories and for use by country and city folk.

My friends, a self-centered critic has said that eventually the East must go west, or the West must go east. No one thing like that will occur. The East is secure, the West is assured. But the time will come when the West will be called upon to supply the raw material and the resources with which it is so richly endowed, essential to the continuation of the commercial and industrial growth of the East.

In conclusion let me observe that the East is the parent and the West is the child, and while at times it may appear willful and even bold, yet it bears in its frame the promise of greatness, and by the exercise of a little patience and paternal generosity this child in time will bestow upon its parent the richness and glory of a successful manhood.

SENATOR FROM NORTH DAKOTA

The Senate resumed the consideration of the following resolution (S. Res. 104) reported from the Committee on Privileges and Elections:

Resolved, That GERALD P. NYE is not entitled to a seat in the Senate of the United States as a Senator from the State of North Dakota.

Mr. STEPHENS. Mr. President, the other day when I was discussing the pending resolution I was granted permission to insert at the conclusion of my remarks certain extracts from court decisions, the Constitution, and other instruments. For some reason that insertion was not made. I simply desire to ask that I be granted permission to have those matters inserted in the RECORD of to-day's proceedings.

The VICE PRESIDENT. Without objection, the request of the Senator from Mississippi is granted.

The matter referred to is as follows:

Article II, section 1, of the Constitution of the United States reads: "The Executive power shall be vested in a President of the United States. He shall hold his office" * * *

In the same section there is found this language:

"Before he enter on the execution of his office he shall take the following oath or affirmation." * * *

The seventeenth amendment to the Constitution of the United States begins with this language:

"The Senate of the United States shall be composed of two Senators from each State elected by the people thereof." * * *

Article VI of the Constitution includes this language:

"The Senators and Representatives before mentioned, and the members of the several State legislatures, and all executive and judicial officers, both of the United States and the several States, shall be bound by oath or affirmation to support this Constitution." * * *

In 1864 James Asheton Bayard, then a Senator from Delaware, in a speech in this body, in discussing the question as to whether a United States Senator is a Federal or State officer, used this language:

"Throughout the whole instrument its framers sedulously avoid giving the appellation of 'office' to the station and trust of Senator; and not only that, but the language employed by fair inference excludes any idea that the terms 'officer of the United States,' or 'holding office under the United States,' were intended to include a Senator or a Representative.

"If that be so, I may be asked, What is the position of a Senator? My answer is a station, a trust, not an office within the meaning of the Constitution. It is perfectly immaterial what it might be considered otherwise. If the Constitution does not mean that they shall be considered officers, then the language 'officers of the United States' will not include them and the words 'persons holding office under the United States' will not include them. This construction also is in accordance with the theory and form of our Government. The people are present not in masses or in numbers, for that is impracticable, but it is the people who make the laws through their representatives or proxies, and Members of Congress are proxies of the people. That is their position. It is a high trust and station, but it is not, within the meaning of the Federal Constitution, an office under the United States.

"Further, they are elected by a paramount power, the power that formed the Constitution—Senators by the legislature, as representing the political community or State, and Members of the House of Repre-

sentatives by the people in districts in each State, and not by the people of the United States. This view strengthens the inference that they are not included in any such expression as 'officers of the United States' or 'persons holding office under the United States.'"

Senator Bayard also referred to an incident that has a very strong bearing, in my judgment, on this question. He said:

"Early in the history of the country, on the 7th of May, 1792, an order was made by the Senate—

"That the Secretary of the Treasury do lay before the Senate at the next session of Congress a statement of the salaries, fees, and emoluments for one year ending the 1st day of October next, stated quarterly, of every person holding any civil office or employment under the United States, except the judges, together with the actual disbursements and expenses in the discharge of their respective offices and employments for the same period."

"To that resolution, in the February following, Alexander Hamilton made his return, and in that return of the persons holding civil offices under the United States, except the judges, he included the President, the Vice President, all the different officers of the Government from the tidewaters upward; he included the commissioner of loans; he included persons holding every species of employment; he included officers of the Senate and officers of the House of Representatives, with their emoluments; but he did not include Members of Congress. What, then, is the inference? Alexander Hamilton was certainly, as a jurist, as one familiar with the language of the Constitution and with the mode in which it ought to be interpreted, a man whose opinions would be entitled to great weight; and in obeying an order of the Senate which required him to return the emoluments of all civil officers whatever, though he gave the officers of the Senate, the Secretary, all the clerks, the doorkeeper, and also all the officers of the House of Representatives in the same way, he made no return of Members of Congress for the simple reason that they did not, in the language of the resolution, hold a civil office under the United States."

In referring to the attempt to impeach William H. Blount, a Senator from Tennessee, Senator Bayard said:

"There is still another authority. The articles of impeachment which were propounded against Blount by the House of Representatives consisted of five articles. They were drawn by one of the ablest lawyers of the country, Mr. Stigreeves, who was chairman of impeachment. Each article, after alleging the act which was charged as a misdemeanor, concluded in this form—that it was contrary to the trust and station of a Senator. The House of Representatives did not venture in their articles of impeachment, formally drawn by so able a lawyer, to designate the position of a Senator as an office. Is that no authority? Is it not entitled to some weight? The articles were very skillfully drawn, with technical accuracy and precision in the statement of the alleged misdemeanor, and every article concluded with the allegation that the act was contrary to the duties of his trust and station as a Senator of the United States. Sir, this is the position of a Senator."

Mr. FRAZIER. Mr. President, I send to the desk and ask to have read by the clerk an article on the Nye case from the Chicago Tribune of January 9, 1926, and an editorial from the Christian Science Monitor of November 18 last.

The VICE PRESIDENT. Without objection, the clerk will read as requested.

The legislative clerk read as follows:

[From the Chicago Daily Tribune, Saturday, January 9, 1926]

RAISE NEWBERRY GHOST IN SENATE DEBATE ON NYE—CURTIS EXPECTS VOTE ON SEATING TO-DAY

WASHINGTON, D. C., January 8.—[Special.]—What they hoped was dead history rose up to-day to trouble and embarrass Senate old guard Republicans bent on denying GERALD P. NYE, Senator designate, to succeed the late Senator Ladd from North Dakota, a seat amongst them.

Senator NEELY (Senator from West Virginia) dragged out the Newberry skeleton, read the roll of those who voted to seat the former Michigan Senator, and defied them to refuse Nye's admission.

"Are you going to strain at a North Dakota gnat," he demanded, "when you have swallowed a Michigan camel?"

CITES BUTLER APPOINTMENT

The old guard gave no thought to technicalities or the "will of the people," so often cited against Nye, when they accepted Senator BUTLER, of Massachusetts, chairman of the Republican National Committee, who was appointed to serve the unexpired portion of the term of the late Senator Lodge, it was charged by Senator NEELY.

Under the North Dakota statutes, it is contended by the majority of the Senate Privileges and Elections Committee, Governor Sorlie was not authorized to fill the Ladd vacancy temporarily, but should have called a special election immediately. Senator BUTLER was named to serve almost two years, Senator NEELY continued, while Nye was appointed for less than seven months.

"But now they have become hypercritical constitutional lawyers, who immortalize technicalities and murder great principles," Senator NEELY declared. "Of course, this case was decided months ago. It was decided when Senator MOSES wrote his letter to Governor Sorlie, warning that no seat in the Senate would be given to any choice of the governor.

SEEK VOTE TO-DAY

"How can you kick NYE out after you have welcomed Newberry with arms upraised to heaven, thanking God from whom all blessings flow—Newberry dripping with moral turpitude and burdened with rascality? How will you Senators who must face your people again in 1926 and 1928 justify your votes against NYE and for Newberry?"

Senator CURTIS (Senator from Kansas), Republican leader of the Senate, notified his colleagues that a vote on refusing to admit NYE, as recommended by the Privileges and Elections Committee, would be asked for to-morrow afternoon.

[From the Christian Science Monitor, November 18, 1925]

A NEW NORTH DAKOTA SENATOR

A well-known provision of the Constitution of the United States is that which invests in each of the two branches of Congress the power to determine and decide upon the qualifications of its own Members. The qualifications, regarding age and citizenship, are defined by the same document, but it remains to the two legislative bodies separately to decide if these specifications have been complied with, and also if the manner in which a Member has been chosen conforms to the laws and regulations provided. By two somewhat recent amendments which have been made a part of the organic law, changes have been effected both in the manner in which Members of the Senate are to be chosen and in the qualifications for membership in both Houses. Article XVII provides for the election of Senators by the people of the several States instead of by the legislatures thereof, as formerly. Article XIX, which confers the right of suffrage upon women, is construed as conferring upon them at the same time the right to hold office.

Now, it is agreed, of course, that the mere holding of political views contrary to those held by a majority of the Members of either House of Congress should not be regarded as disqualifying a person who comes with the necessary credentials. Even membership in a political party whose platform is regarded as ultraradical should not, in itself, constitute a legal disqualification. The theory of the law is, no doubt, to prevent the seating of those who have gained their color of title to membership through some fraudulent means or practices, or those who can not comply with the qualifications as to age or citizenship which have been provided. In the State of North Dakota, within a few days, the governor, himself a so-called Nonpartisan League Republican, has announced the appointment of GERALD P. NYE, also a Nonpartisan Leaguer and editor of a newspaper which supports that cause, as a United States Senator, to act until a successor is elected by the people. It is not denied that prominent Republican Senators, no doubt realizing the probability that the governor, if he decided to fill the vacancy, would appoint a person of his own political faith, advised against any action, upon the ground that no power had been invested in the governor, since the adoption of the seventeenth amendment, to make such interim appointments.

Lawyers who are Members of the Senate will, if they choose, have an opportunity to argue the matter from all its interesting angles. It is admitted that the North Dakota Governor has the undisputed right to fill vacancies as they occur in the roster of State officials. A Supreme Court decision, rendered in the case of Senator Burton, of Kansas, is cited to show that a United States Senator is a State officer. Against this will be cited the precedent established by the Senate in the Glass case from Alabama. By a vote of 32 to 31 that body denied an appointee the right to qualify as a Member because the legislature of that State had not, subsequent to the adoption of the amendment, enacted a law empowering the governor to make a temporary appointment of a Senator to fill a vacancy. But a precedent established by so narrow a margin may quite easily be upset. It can hardly be presumed that what was clearly a partisan vote will be accepted as declaring or defining an immutable policy.

There remains to be considered what would seem to be a controlling and reasonably clear provision of the Constitution. It is that which states that the Senate of the United States shall be composed of two Senators from each State. That clause is fundamental. The right to this representation has never been questioned or in any way disputed. It exists in North Dakota, for instance, just as in every State, and is not abridged simply because those who elect, or those who appoint, or those who are elected or appointed, have embraced what to their fellows may seem a strange and fantastic political faith.

Mr. SMITH. Mr. President, being a member of the Committee on Privileges and Elections, I desire to occupy a few minutes of the time of the Senate in order to give my reasons for supporting the seating of Mr. NYE as a Senator from the State of North Dakota. I had read very little about this

case until it was presented before the committee of which I am a member for its investigation and report to the Senate. It seems to me that every point which is available in this controversy has been discussed in the debate upon it, and it is simply because I think that each member of the committee who took an active part in its deliberations and signed the report of the committee or the views of the minority should give his reasons for such action that I now address the Senate.

Reading carefully the seventeenth amendment to the Constitution of the United States from the standpoint of a layman, it does not seem to me that the procedure provided to fill a vacancy in the office of Senator very greatly differs from the old method. The seventeenth amendment to the Constitution substitutes the people directly for the legislature, which was the people indirectly. It provides that the governor shall issue writs of election in order that the intent of the amendment may be as nearly as possible effectuated. It provides that when convenience or necessity require the legislature may empower the governor to make a temporary appointment to fill a vacancy in the representation of his State in the Senate.

Under the old method provided by the Constitution for the filling of a vacancy in the office of Senator the governor of the State could appoint only until the next session of the legislature, election by which was the former method of appealing to the people. In the substitution of the method of a direct vote by the people for action by the legislature the method of filling a vacancy was not changed, but it was simply provided that the governor should have the right, when empowered by the legislature, to call for the election of a Senator by the people.

The Governor of North Dakota appointed Mr. NYE under what he considered to be the power granted him by the reenactment of an old statute which was to the effect that he should fill all vacancies. There was specified in the reenactment of the old law only one variation from the old law, which was that the governor should be divested of the power of naming vacancies in the office of member of the legislature.

As soon as I read that the thought occurred to me that if it had been in the mind of the Legislature of North Dakota to debar the governor from having the power to fill vacancies in the senatorial office, permissible under the seventeenth amendment, surely they had the courage to do their civic duty as they could have done it by simply writing in the exception words covering United States Senators and Members of the House of Representatives. They excepted members of the legislature and said that the governor should have the power to fill all vacancies except in the case of the members of the legislature. That was the amendment to the old law as reenacted. Now it is contended by the lawyers who have argued this case that the fact that they did not mention Members of the Senate in the amended form of the old law was tantamount to saying that they did not intend to give the governor the power to fill vacancies in the senatorial office.

I am not going to assume to argue the legal aspects of this case. The fact is that I am incapable of doing so by virtue of not being familiar with the devious ways of hunting and applying and setting over against each other legal verbiage and legal technicalities that may not prove anything except the intellectual acrobaticism of the one who argues them; but the plain facts on their face are—and they have been compelling with me—that the legislature subsequent to the adoption of the seventeenth amendment reenacted the old law and gave to the governor the power to fill all vacancies, with the exception of members of the legislature, and then specified by name, though not by way of exception, certain officers. So there arose a question as to whether or not in using the words "State officers" and "district officers" they included or meant to include United States Senators. Hence the question arose as to whether or not a Senator was a State officer or a Federal officer.

I did not think, as I stated in signing the views of the minority, that that had anything to do with the question. I do not think so now. I think that the Legislature of North Dakota in passing that act, as it was mandatory upon the governor whether he would or not, to call a special election in order that the people might avail themselves of the privilege given them of voting for a Senator, and as had been the practice under the old régime, believed it was sufficient.

There was brought to our attention the fact that the legislature had enacted a recall statute which was, in my opinion, simply cumulative testimony that the legislature believed that in reenacting the old law they were clothing the governor with all the power necessary to do the thing that he did do.

Now, what happened? The governor in the exercise of the right conferred upon him by the Constitution called a special

election for June 30, 1926, contemporaneous with their statewide primaries. That was as much and perhaps more of a call for a special election than has been made in the case of other appointees in this body whose temporary term of office has been designated to run until the next general election.

The governor, I say, called this special election for United States Senator at the time of the next primary, June 30. He also appointed this man, under the authority given him by that enactment, to serve until that time. Now, I know I am reiterating what has been said on this floor; but the main compelling thing to me was that, brushing aside technicalities, the State of North Dakota had openly, above board, through its chief executive, subscribed to and carried out every purpose of the seventeenth amendment. It might have been unfortunate in its wording of the reenactment of the old law; but the intent and purpose of that State, so far as I am concerned, is going to be resolved in favor of the State rights in this case.

Mr. DILL. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from South Carolina yield to the Senator from Washington?

Mr. SMITH. I yield.

Mr. DILL. Is it not significant that the legislature did not take a negative position, such as other State legislatures have taken? Is not that significant as an interpretation of their action?

Mr. SMITH. As I have been attempting to show, every single dubious act on the part of the legislature has pointed the doubt rather to the facts that we are trying to maintain than to negative them. Not a single lawyer on this floor in calling attention to one of these acts of the North Dakota Legislature has shown otherwise than that the trend of it was for the confirmation of the seventeenth amendment—the recall act, the repassage of the old act under which appointments had been made, exceptions as to members of the legislative body, when it would have been so easy, had it been in their minds, to have said “and United States Senators”; and then in the clause where it said “all State officers,” proving that they considered that these were State officers, whether mistakenly or rightly, when they passed the recall. We have no fraud, no attempt to deceive anybody, the governor carrying out the seventeenth amendment to the letter, the people themselves acquiescing in it. Under the wise provision of the Constitution pointed out by the Senator from Nebraska [Mr. NORRIS] yesterday we, the Members of this body, are the judges of the qualifications of our own Members. That provision gives laymen such as I the right to influence the judgment of the court with the layman's viewpoint of what are the rights and privileges of the people that he represents, without technical experience if not technical education in the law. This is the place, the forum, where the cases arise affecting the people in their representation. They do it nowhere else, in no other particular; but under the Constitution the judgment as to the right of the people to be represented here is to be exercised by all the Members of this body, regardless of their legal training or otherwise; and underneath it all and beyond it all is the question as to whether the technical interpretation of a Federal statute shall contravene and nullify State rights. It is North Dakota pitted against the Federal Government; and where there is any doubt as to who shall be supreme in the reserved, undelegated power I for one shall vote for State rights, and North Dakota is in the balance.

Mr. SHORTRIDGE. Mr. President—

The VICE PRESIDENT. Does the Senator from South Carolina yield to the Senator from California?

Mr. SMITH. I yield; yes.

Mr. SHORTRIDGE. I, of course, know that the Senator has read carefully the seventeenth amendment. As preliminary to a direct question, I invite his attention now to the proviso:

Provided, That the legislature of any State may empower the executive thereof to make temporary appointment until the people fill the vacancies by election as the legislature may direct.

Merely to invite an answer, do I understand the Senator to contend from the record that the legislature did pass an act authorizing the executive to make the temporary appointment until the people fill the vacancy by election as the legislature may direct?

Mr. SMITH. Yes; I do.

Mr. SHORTRIDGE. Have they done so?

Mr. SMITH. I think so.

Mr. SHORTRIDGE. Did they fix the date of the election?

Mr. SMITH. They did not fix the date of the election. In my opinion it was not necessary for them to fix it.

Mr. SHORTRIDGE. I conceive that to be a vastly important point, because one State might pass a law—South Carolina, for example—authorizing the governor to make a temporary appointment to continue, say, for six months, until an election by the people. Another State might authorize its governor to make an appointment to continue for a year until the people should elect. Therefore that is a very important part of the seventeenth amendment, for the States may not all agree as to the extent of a temporary appointment; and I am asking whether North Dakota, through the legislature, expressed its view as to that point?

Mr. SMITH. Very well. The seventeenth amendment says the governor shall issue writs of election, and that the legislature may empower him to make a temporary appointment, and then indicates that the legislature has the right to name the time. In view of the fact that it was obligatory upon the governor to issue writs of election, and that the only deviation from that would be that where they empowered him to make appointment until such time as conformed to the legislative requirement he might make a temporary appointment until the people could elect, I believe that the legislature thought that as it was obligatory for a special election to be called, as provided in the body of the amendment, all that was necessary was to reenact that law, and the governor would conform to the mandate of the provision which says that he must call an election. To prove that that was the governor's interpretation of it, without the legislature specifying whether it should be six months afterwards or two months afterwards, he believed that that was their intent; and as the constitution provided that there should be a special election called upon writs issued by him if they gave him the power to fill the vacancy, he proceeded to issue the writs as soon as necessary.

Mr. President, I can not conceive of this body actually going on record to the effect that they will seat no appointee in this body until the legislature shall specifically say the day, the hour, the place, the time at which the temporary appointment shall terminate, leaving no discretion whatever to the State; that it can comply with everything else, but that unless it names the limitation specifically—the time and place—we are not to vote to seat this man.

Let us take this view of it: Suppose, in the light of this debate, North Dakota were to amend that act and provide what is referred to in the last part of the constitutional provision: By virtue of her doing that, would it change the aspect of the situation that is now before us for decision—namely, whether she left it out in order to divest the governor of power, or whether she believed she was conforming to the requirement of the Constitution?

I have no manner of doubt in my mind that the reenactment of the statute of North Dakota empowering the governor to fill all vacancies, and the fact that he did fill the vacancy, complied with the spirit of the constitutional amendment, even if the legislature had not done so in letter. In spirit I believe that both the governor and the legislature had conformed to all the requirements of this constitutional provision.

So far as I am concerned, I believe that every doubt should be resolved in favor of the cleancut, open, fraud-untainted manner in which North Dakota has attempted to put her representative here. I do not consider that the matter involved is of sufficiently vital importance to deny the State her inalienable right to have a representative on this floor. I do not believe that the technicality involved in a legal expression should be set up against the tremendous issues involved in whether or not a State shall be represented on this floor. I shall vote to resolve the doubt in favor of the State in the exercise of her right in her sovereign capacity to express herself on the floor of the Senate.

Mr. DILL. Mr. President, there is one phase of the discussion of this matter that has impressed me more and more as the debate has gone on; that is, that the appointee from North Dakota has not been sworn in and seated as a Senator, although he held credentials from the governor of his State under a very good color of right. I note that in the history of the Senate a Senator may come here with credentials covered with corruption, blackened by bribery, and reeking with every kind of political crookedness, and on the presentation of those credentials he is welcomed into the Senate, brought down to the Vice President, and sworn in as a Member, takes the oath of office, and has his clerks, mingles with the other Senators, and is able to stand on the floor and defend his credentials regardless of what they were when he brought them here. But when a man comes here with credentials from the governor of his State under a law which the governor of that State believed entitled him to give them, under a law which the people of that

State evidently thought entitled the governor to give them; when he comes here with credentials against which there is not a single thing to be said, when there is no opposition to him by any other man claiming the office, the taint of technicality prevents his being seated in the Senate. He then becomes a bystander, he then is on the outside, while the discussion continues.

I can not refrain, I say, from calling attention to the unfairness of letting a man come here with credentials such as we found in the case of Newberry, who, as a matter of official record, had spent \$195,000 to get the nomination for his seat, and yet he was welcomed into the Senate and seated here; but this man who comes now with credentials that are absolutely clean is held out on the technical questions raised by attorneys in this body.

What is a legal technicality, anyway? A legal technicality is simply a theory as to the meaning of certain words in a law that is developed by some attorney to prevent the ordinary man from arriving at the ordinary conclusion by the ordinary methods. Those of us who have listened to the debates that have occurred here and have heard the interpretations put upon certain phrases in the law, it seems to me, are inevitably forced to the conclusion that these technicalities may serve to prove almost anything when there is any color of claim whatsoever behind them.

I was impressed also with the statement by the able Senator from Montana [Mr. WALSH], who said that when the Senator from Massachusetts [Mr. BUTLER] was appointed for a two-year term he seriously considered raising the question of his right to an appointment for a term of that length, but that he did not think he would find much support for that contention in this body, which proves that the importance of a technicality is proportioned to the amount of support that can be gotten for it. When you come to technicalities the technicalities apply not only to the Senator from Massachusetts, but they apply to the Senator from Indiana [Mr. ROBINSON], the Senator from Missouri [Mr. WILLIAMS], and to other Senators who have been seated here. The Senate disregarded those technicalities, and, as I think, wisely.

I must say in all frankness that when this discussion began I was opposed to the seating of Mr. NYE as a Senator from North Dakota. I was opposed primarily because I am opposed to any man's securing a seat in this body except by the votes of the people, but the Constitution of the United States provides that a governor may appoint a Senator. I felt that, holding the views I did, I would not vote to seat a man here with credentials merely from his governor, unless it were absolutely clear beyond all question of a doubt that he should be seated, but as I have listened to the discussion and as I have read the record after the discussion I have come to the conclusion that my decision ought to be just opposite, because the Senate is, after all, the most vital part of the Government of the United States. It has seemed to me that a man who is to hold a seat in this body ought to hold it only by a vote from the people, as I have said.

I think the office of United States Senator is second only to the Presidency; with all due respect to the Vice President's position. The Vice President's position is much like a boy's life; it is so big with possibilities.

When you stop to consider that a Member of the United States Senate exercises all three powers of the Government that importance becomes even greater.

A Senator is a legislator, in that he votes on all legislative questions, and as yet he is free to discuss any of that legislation as long as he may desire to discuss it.

Not only does he vote as a legislator, but he performs duties in the executive department of the Government. He votes on the confirmation of those who shall carry out the law under the President, and if he be of the political faith of the President, and in good standing with the President, he may even appoint some of the executive officers of the Government, particularly in his own State. He votes on all the treaties between this Nation and the other nations in the world.

That is not all. Every Senator has a judicial function to perform in the Government. Here he sits as a judge. He has a right to vote on the conviction of a man in any position in this Government, with the exception of a Member of the House of Representatives. No other officer of the Government has so many functions and such divergent powers as a Member of the United States Senate. The Senate is the very heart and core of the Government. So, it has seemed to me that no man ought to sit here, in the light of the amendment which has been adopted, unless he has been authorized to come here by a vote of the people of his State.

When I find, however, that other Senators do sit here by appointment, that other Senators do sit here in the face of technicalities, maybe not so big because not so many supported them; and when I remember the provision of the Constitution quoted by the Senator from Alabama [Mr. UNDERWOOD] yesterday with such remarkable effect, it seemed to me, that a State has a right to have two representatives here, unless it deprives itself by its own consent, I am forced to the conclusion that all doubt should be resolved in favor of seating this man rather than the other way.

For these reasons I have changed my mind; I have come to the conclusion that since it is a question of doubt—and no fair-minded man can dispute that it is a question of doubt—I should resolve that doubt in favor of what I believe to be the dominant spirit of the Constitution, that a State shall be permitted to have two representatives in this body. In fact, the very reasons which appealed to me as to why a Senator should come here only by a vote of the people appeal to me equally strongly in favor of the proposition that every State is entitled to full representation.

Much has been said about the intent of the people of North Dakota. I am not going into a legal discussion of the words of the statute of that State giving the governor the right to appoint. I could not add anything to the discussion if I tried. But it is a significant thing to me that the Governor of North Dakota did not appoint a new Senator from his State immediately upon the death of Senator Ladd. He waited for weeks and months. He considered this question with great care, and only after great deliberation, during which time he must have learned something of the intention of the people of North Dakota, particularly through their legislators, he appointed this man, and called a special election.

I am informed by members of the committee that nobody appeared from among the people of North Dakota to protest this appointment. If the people of North Dakota intended not to include Senators in their law, some of the legislators who passed the law would be here before the committee protesting the appointment. The only person from the State of North Dakota who opposed Mr. NYE, I am told, was a Representative who holds a different political view. But the men who made the law, and the governor who signed the law, are satisfied and are advocating the seating of this man.

In the face of this situation, I do not see how I can deny to the State of North Dakota its equal representation in this body, when a majority of the evidence points to the fact that the people intended to give the governor this authority, and when the governor has carried out the law as he understands it by the appointment of this man.

I think it was my good friend, the Senator from Arizona [Mr. ASHurst] who said that he read somewhere a statement that ought to be written down as a proverb, namely:

"When you are in doubt, make a bee line for justice."

Certainly Members of the Senate must be in doubt, at least, as to the real meaning of the laws of North Dakota, and justice demands that the State of North Dakota shall have its equal representation in the Senate. It has gone through all of the legal requirements of the constitutional amendment, it presents a man here whose credentials and whose public and private life no one can object to, and it seems to me that the Senate can not afford, under these circumstances, to refuse to seat the man who has been appointed by the governor.

Mr. HEFLIN. Mr. President, I want to say a word before the vote is taken. I have never been more convinced about any question that has been discussed since I have been a Member of this body than I am about the question that we must decide here to-day. I have given close and careful attention to it, and I shall cast my vote in favor of permitting North Dakota to have her full and lawful representation in this body, as provided for in the Constitution of the United States.

We have shown by the laws of North Dakota that the governor of the State, by an act of the legislature passed after the adoption of the seventeenth amendment, was given authority to fill all vacancies in the offices commonly known as State offices in the State of North Dakota. And we claim that in view of the fact that the Constitution of the United States specifically provides that each State shall have two officers known as United States Senators, North Dakota was right in claiming that the two Senators allotted to her were and are in a very high and important sense State officers, and when the Legislature of North Dakota said that the governor should fill vacancies in all State offices except members of the legislature, it, of course, intended that United States Senators should be included in the list. Senators, it is clear to my mind, in view of the fact that this act of the legislature, passed after

the adoption of the seventeenth amendment, was intended to comply with its requirements.

The further fact that the Governor of North Dakota at the time he exercised his authority under this act of the legislature to appoint a Senator called an election as provided for in the seventeenth amendment of the Federal Constitution shows very plainly, as he says, that he thought in both instances that he was complying with the requirements of the seventeenth amendment to the Constitution of the United States. But some Senators criticize his conduct and declare that Mr. NYE is not entitled to be admitted here, because they feel that the governor should have immediately upon the death of Senator Ladd called a special election solely for the purpose of electing some one to fill the vacancy in the senatorship from North Dakota. But we say that that was not necessary, in view of the provisions of the North Dakota statute, and the requirements of the seventeenth amendment. But, Mr. President, if the failure to do that disqualifies Mr. NYE for membership here, then three other Senators, from the States of Missouri, Indiana, and Massachusetts, are not entitled to seats in this body. No special election was called when they were appointed.

They are all here by appointment of the governor of their respective States and two of them are appointed for a term of more than a year each, and one of them is appointed for a term of two years. I refer in the last instance to Senator BUTLER, of Massachusetts.

No question was raised against any one of them when they asked to be permitted to fill the vacancies to which they had been appointed. No. No Senator over there made the point that the seventeenth amendment had not been complied with—that the governors of these States had failed to call immediately a special election. Then, why should an attempt be made here to hold up North Dakota and deny her the right to be represented in the Senate by two Senators, when the three States to which I have referred have not done as much to comply with the seventeenth amendment as North Dakota has done?

When the Governor of North Dakota appointed Mr. NYE, he also provided that the special election of a Senator to succeed Mr. NYE should come at the same time as the general election in June this year. And it has been shown by Senator FRAZIER and the Governor of North Dakota that by calling the special election at the same time of the general election, it will save to the taxpayers of North Dakota about \$200,000.

Bear in mind, Senators, that the term for which Mr. NYE was appointed is only seven months, and in addition to that an election has been called for June of this year to elect his successor, while the Senators from Missouri, Indiana, and Massachusetts are all serving much longer terms and no special election has been called for any one of them.

Mr. President, it is a serious thing to deny a State its constitutional right to be duly and fully represented here. If the man appointed is a competent, loyal American citizen and some technical doubt should arise as to the exact meaning of a statute attempting to give authority to the governor to appoint a Senator temporarily, I would not hesitate to give the benefit of the doubt to the State and to the Constitution of the United States, which provides that each State shall have two Senators in this body. I had rather that moss-covered precedents and time-worn technicalities would suffer than to have a sovereign State deprived by my vote of its rightful representation in the Senate of the United States.

Mr. President, I know something of the business depression and financial distress that hang like a pall over the people of North Dakota. I recall how the panic of 1921 robbed the farmers and cattlemen of their substance and left them almost hopelessly in debt, and I remember how that panic bankrupted merchants and broke banks. And I know of the unrest and discontent—yes, and the hardships and privations that many of her people now endure. I do not want to hurt them. I want to help them. I want to see the people of North Dakota restored to a state of comfort and contentment. They desire, they need, and they are entitled to have two Senators in this body to speak in their behalf. Senators, let us resolve any doubt that may arise out of any technical situation here in favor of one of the great Northwestern States of our great Union of States that needs and asks our sympathy and assistance.

Mr. President, I think that when the people anywhere in the Union are in distress it is the duty of the people elsewhere to sympathize with and to do what they can to relieve that people.

If a cyclone should strike the State of North Dakota and leave wreck and ruin in its wake and strip the people of their property, Congress would appropriate the money necessary to give them relief. Not only that, but it would help to restore them at least to the condition they were in before the storm

came. If their houses were blown away the Government would help to furnish them at least temporary habitations in which to dwell.

If the Government should go that far in its activities and in expressing its interest and sympathy in its people anywhere, why should not I, as a Senator, consider the condition of people in distress who come here asking me to permit them simply to have their constitutional representation in this body? Why should I not give serious consideration to the proposition that a State is in no condition to hold a special election when I am of the opinion that it was not necessary to hold such an election? I want to say that in the absence of authority to do what I think the governor had the right to do, I would not permit that point to decide my position. But when the situation is what it is here, when the State of North Dakota in attempting to comply with the requirements of the seventeenth amendment reenacted a law which it already had on its statute books, giving the governor authority to fill vacancies—not some vacancies but all vacancies except members of the Legislature of North Dakota—when I find that the governor of that State, acting under that statute, called a special election complying with the seventeenth amendment, why should I not permit the distressed condition in North Dakota to have weight with me? I could not prevent it. The man who has no sympathy for his fellow man in distress has not any business in this body.

Mr. President, I do not think it is an element of weakness for a man to have sympathy. Some gentlemen have a mistaken idea as to what true greatness is. Greatness does not consist in cold calculating intellectuality without heart and sympathy; not at all. The truly great men of the world have been men of warm hearts and tender sympathies. No truly great man, I repeat, has ever lived who did not have a big, warm heart. The most beloved Presidents we have ever had were those who were men of great sympathy. Jackson was a man of tender sympathies.

Jefferson was the same kind of man. McKinley was a big and warm-hearted President. Lincoln was one of the noblest-hearted men that ever lived, and said that he believed in the doctrine that placed the man above the dollar.

Is anybody going to blame me for caring more for the distress and misfortune of human beings in this instance than I do for a mass of technicalities dug up out of books a hundred years old? Am I to be criticized for expressing sympathy for North Dakota? I do not think I should be criticized. If North Dakota has undertaken to fill a vacancy that belongs to her under the Constitution, would not I feel better if I voted to let her exercise that right when technical questions alone are involved in this Chamber? Would it not be better in me as a Senator to decide the question on the side of the State standing here beating at the door of this Chamber, asking that one of its brilliant, upstanding citizens be permitted to come in and sit with the other Senator from that State to present the cause of North Dakota to the Senate of the United States? The governor of that State, the highest officer in the State, the lone Senator from that State sitting in this body begging us to seat this man.

The question is asked, "Why did you not order a special election?" Let me again inquire in reply, Did they order an election in the case of the Senator from Missouri [Mr. WILLIAMS]? No. Did they order one in the case of the Senator from Massachusetts [Mr. BUTLER]? No. Did they order one in the case of the Senator from Indiana [Mr. ROBINSON]? No. Why insist then upon ordering one in North Dakota in her poverty-stricken condition? Senators, with these things growing out of this debate, facts that nobody can deny, why should not I be permitted to be swayed somewhat by the situation as it really exists in North Dakota?

Before I proceed further on that line I want to touch upon the situation of the junior Senator from Missouri [Mr. WILLIAMS]. I asked the Senator if he thought that a governor could be authorized by a State legislature to give a man an appointment as United States Senator for four or five years and call it a temporary appointment, and the Senator said that he did. The Senator is wrong. If that could be done, the seventeenth amendment is not worth the paper that it is written on, and it ought to be torn out of the Constitution. The purpose of that amendment was to take the election of United States Senators away from legislatures, where too frequently certain interests dominated the legislature. It was done for the purpose of giving the people, whose officer a Senator is, the opportunity to pass on him, and when a vacancy occurs not to permit them to set the seventeenth amendment aside, but requiring them to live up to it.

But the Senator from Missouri said that the legislature could give the governor the authority to appoint for four years or five

years, so I take it from his statement that he would be of the opinion that if a Senator were elected for six years and should die the second day after he was elected, that the governor of the State, by legislative enactment of the State, could appoint some one to finish out the whole term. That is the logic of his position. If that is true, the seventeenth amendment ought to be wiped out.

Strictly speaking, the case of Mr. Nye is the only case where the State authorities have complied with the seventeenth amendment. No special election has been called in the other cases to which I have referred. Here is this man standing by himself. The State officials have complied with the seventeenth amendment, an election has been called, and called for a time when it would be most convenient to the people of that State and less expensive to the people of the State. We must be influenced by the demands of common sense and common justice.

I would not want to vote to put on a State the necessity and burden of holding an election just about six months before they will have a general election, and putting this tremendous burden and expense upon them. I would not want to do it if the State were a rich State. In the situation that exists in North Dakota I do not want to do it at all. The governor of that State knows that the people are hard pressed and financially embarrassed. It is not necessary in the first place and they are not able to hold a special election costing \$200,000. Then why should we want to impose that burden on them? I do not believe that a majority of Senators will do that. When they think the matter over calmly and come to vote upon the case I believe that the doubt, if it exists in their minds, growing out of the technical situation that has arisen here, will cause them to give the State of North Dakota the benefit of such a doubt and that they will vote on the side of the people of North Dakota.

If North Dakota has chosen a man to come here, as I said the other day, who does not agree to my political philosophy, that is none of my business. If he does not agree to the philosophy of Senators on the other side of the Chamber, that is none of their business. North Dakota is a sovereign State and her people have a right to send here whomsoever they please. The question I must determine is, Shall the State be fully represented along with other States? Has it the constitutional right to that representation? Have the constituted authorities of that State provided that representation? Has the Senator speaking for that State indorsed that situation? Is there a vacancy? Has it been filled? Will I vote to permit that State to be represented here or will I say that I could not make up my mind because there were several little technical points involved and I decided, therefore, to vote to keep him out? Senators, it is much worse to set such a precedent than to violate somebody else's old precedent when you do not know how and why the precedent was made.

Let me say again, the Glass case from my State has been discussed here time and again, and nobody who discussed it seemed to know how the precedent was made. I told the Senate the facts about it. The Senator from Arizona [Mr. ASHBURST] will bear me out in it. Mr. Glass was not unseated or refused his seat because it would set a bad precedent to seat him. That was not involved in it. Mr. Bryan, my friend, the great commoner, who was Secretary of State, did not like Mr. Glass, and he appealed to his friends not on the ground that Mr. Glass ought not to be seated because of the provisions of the seventeenth amendment but on the ground that he was his enemy and a reactionary. That is the fact, Senators, and former Senator Shiveley, of Indiana, was the man who changed his position, and the vote stood 32 to 31 when the Senator from Arkansas [Mr. ROBINSON] offered a resolution declaring that Mr. Glass was entitled to his seat. Nobody in this debate seems to know how that precedent was made.

What do we know about the other precedents that have been cited? Who knows just what the moving cause, the thing that caused the precedent to be made? We ought to know. I am not going to make a mistake here and violate my conscience and my judgment in this matter merely because I might run counter to some precedent set by some Supreme Court judge who has been dead half a century. I am dealing with living, breathing things of the present. What I am doing may help the struggling people of North Dakota and convince them that there are people down here who are not influenced by technicalities presented by highly technical lawyers that confuse the issues and make men wander around, hardly knowing where they are when the matter comes to a final vote.

On Saturday last in discussing this question I said that a Senator was a State officer and also a United States officer. The Senator from Missouri [Mr. WILLIAMS] asked me if the States wished to do so could they not amend the Constitution and so arrange it that Senators could be elected by the whole

people of the United States—all the States voting for all Senators. I replied if they were crazy enough to do that they might. But I wish now to state my opinion on that point since I have had time to think about his question. I now say that such a thing would not be constitutional. It would violate the covenant of the sovereign States entered into in the Constitutional Convention, and, I believe, the Supreme Court of the United States would declare such action unconstitutional.

Why? If the people should do that, and two Senators were nominated in my State, and those men should be voted on by the electorate of all the States at large, my State might give one candidate a majority of 150,000, and yet the other candidate, receiving merely a handful of votes in the State might be elected by the votes of all the States in the country, and the people of my State would thus be denied the right to elect a Senator to represent them in the Senate of the United States. Such a thing would violate the letter and spirit of the agreement between the States in the Constitutional Convention and the provisions of the Constitution itself.

Mr. McKELLAR. Mr. President—

Mr. HEFLIN. I yield to the Senator from Tennessee.

Mr. McKELLAR. And such action would cause the character of the office absolutely to be changed from a State office to a Federal office.

Mr. HEFLIN. Certainly. The Senator from Tennessee is right.

Mr. President, I said the other day that the Senators who thought that the office of United States Senator was purely a United States office and in no sense a State office ought to announce their candidacies to the people of the United States. They would be like Mark Twain's "dim puff of star dust lost in the blaze of the Milky Way." Would it not be an extraordinary situation for a Senator from a sovereign State merely to announce his candidacy to the United States at large? Yet that is the position of some Senators, who have argued here for hours that a United States Senator is not a State officer. Is it their purpose to try this plan out some day?

The man to whose line I succeeded in the Senate, one of the greatest men who ever sat in this body—John T. Morgan, of Alabama—always proudly boasted that he was an ambassador from Alabama to Washington.

Mr. STEPHENS. Mr. President—

The VICE PRESIDENT. Does the Senator from Alabama yield to the Senator from Mississippi?

Mr. HEFLIN. I yield to my friend from Mississippi.

Mr. STEPHENS. The Senator from Alabama is discussing for the moment the question as to whether a United States Senator is a State or a Federal officer. I merely wish to direct his attention—he may discuss the question if he cares to do so—to the fact that the Constitution of the United States in no clause of it refers to a Senator as an "officer." The Constitution refers to the office of President and Vice President, and so forth, but there is no reference in that instrument to the office of Senator. It therefore occurs to me that the very fact that the Constitution fails to describe a Senator as an officer or as a person holding an office is strongly persuasive, at least, of the thought that the framers of the Constitution did not regard a Senator as a United States officer.

While I am on my feet, if the Senator from Alabama will permit me, I should like to call his attention to one other thing. It may have been referred to by others; I do not know. There are certain great characters who have lived in our Nation to whom we look and to whose words we give consideration. There is one man whose name is very frequently mentioned by Senators on the other side of the Chamber. He is one of their political gods. His name is used frequently, I notice, to conjure with. I wish to call attention to the fact that Alexander Hamilton, to whom I refer, in 1792 had occasion to pass upon the particular question as to whether a United States Senator is a Federal officer; and that he, acquainted as he was with the provisions of the Constitution, having the great knowledge that he had of everything pertaining to it, in effect held that a United States officer is not a Federal officer.

In 1792 the Senate passed a resolution requiring the Secretary of the Treasury to return to it a list of all the officers and employees of the Government, showing their names and giving the amounts of money that they had drawn within the preceding 12 months, I believe, from the Government. Alexander Hamilton was then Secretary of the Treasury, and in response to that resolution he returned such a list to the Senate. He began by listing the President, the Vice President, and so on; he placed the name of every man on the list who was drawing money out of the Federal Treasury except the names of Senators and Members of the House of Representatives, thereby, as I contend, holding that Senators and Representatives in Congress were not Federal officers.

Mr. HEFLIN. The Senator is absolutely right, and I am glad he called my attention to that authority. Here is the founder of the Republican party, Mr. Hamilton, who regarded a Senator not as a United States officer but as an officer of the State. I repeat the Constitution plainly says that each State shall have two offices known as the office of United States Senator. Those Senators are elected by the States; they come here commissioned by the States to represent the States in particular, and with other Senators, the United States in general. Again let me say a Senator when he resigns sends his resignation to the governor of his State. A United States marshal in my State or a United States district attorney or a district judge in my State or yours resigns through the Department of Justice to the President. There is the distinction, Mr. President. We are here at the Nation's capital; we are representing our States; we are called United States Senators and we do represent in a general way the whole United States.

The Senator from Mississippi is absolutely right in his contention, and I believe that a majority of the Senators in this body now believe that a Senator is a State officer in a very important sense.

Mr. BRUCE. Mr. President, may I interrupt the Senator from Alabama for just a moment?

The PRESIDING OFFICER (Mr. BRATTON in the chair). Does the Senator from Alabama yield to the Senator from Maryland?

Mr. HEFLIN. I yield to the Senator.

Mr. BRUCE. If a Member of the United States Senate is a State officer, from what source does the Federal Government derive its power to impose an income tax on his salary?

Mr. HEFLIN. Because he is a dual officer; he is both a State and a United States officer.

Mr. BRUCE. With due respect to the Senator, I do not think that is any answer.

Mr. HEFLIN. Then I am sorry for myself or for the Senator.

Mr. BRUCE. I submit very slowly to the idea of being an object of commiseration. [Laughter.] That is an idea to which I have never taken very kindly.

Mr. HEFLIN. Mr. President—

Mr. BRUCE. Mr. President, I should like to ask the Senator another question.

Mr. HEFLIN. I yield.

Mr. BRUCE. Is not the distinction this: Is not a State officer an officer whose office is created under the constitution and laws of a State?

Mr. HEFLIN. That is true of a great many officers.

Mr. BRUCE. Is not that true of them all?

Mr. HEFLIN. No, sir.

Mr. BRUCE. Is a Senator a State officer, except in the sense that he is elected by the people of his State, whereas the office itself is created, of course, under the Constitution of the United States?

Mr. HEFLIN. His election by the people of his State is a high enough sense, it seems to me; that is the source of his authority. He comes here from his State. The Constitution gives two offices of United States Senator to each State. The State elects them. A United States Senator must go back to his State to resign, he must go back to his State to be re-elected, and he is in the highest sense a State officer. I have stated that he is also a United States officer, because it is his duty not only to represent the people of his particular State but to stand here and do what he can for the whole people and to strive for the welfare of all the people and for the preservation of the Union of all the States.

Mr. BRUCE. But the Senator must admit that a Federal Senator does not exercise any State function. He does not assume any State responsibility; he does not discharge any State duty.

Mr. HEFLIN. He represents his State in this body. They elected him for that purpose.

Mr. BRUCE. Yes; he does. He is elected by the people of his State and represents the people of the State, but he represents them in the province of the Federal Government. He does not exercise any State function; he does not discharge any State duty, and he does not carry on any State responsibilities.

Mr. HEFLIN. He passes on every act that applies to his State as well as all the other States in the United States. Furthermore, the States in the Constitutional Convention demanded that they have two officers known as United States Senators, and the Constitution wrote in the provision that they should have those two officers. All the things that transpired in connection with the demand that the States have these officers are not written in the Constitution, but the States de-

manded for each State two Senators, and they now represent their States.

Mr. BRUCE. All I have to say is that I hope the Senator from Alabama will push his contention so far as to insist that his salary as a United States Senator shall not be subject to the Federal income tax and give me a valuable precedent on which I may set up the same claim a little later on.

Mr. BROOKHART. Mr. President—

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from Iowa?

Mr. HEFLIN. I yield to the Senator.

Mr. BROOKHART. On the question of the income tax, is it not a proper construction to say that for the purpose of taxation the salary is Federal, whereas the Senator is representing his State even upon that Federal salary?

This question has been decided in two Federal cases, one holding that a Senator was not a Federal officer in the nature of his office and duties for the purpose of being disqualified from holding a Federal office; the other one holding that a man charged with impersonating a Federal officer could draw a Federal salary under that impersonation, and, therefore, that a Senator might be truly held a Federal officer for that purpose.

Mr. HEFLIN. Yes; I said that he is a dual officer; that he is both a State and a Federal officer. Mr. Jefferson said that a State, in substance, was a local government for local purposes, and that the United States, the Union, was a general Government for general purposes. The States were organized for the work arising in the locality, and the States were demanding that they have two representatives in this larger Government, known as the United States; and the United States Government said to the States: "You shall have these two officers. They will sit at the Capital, representing both the State and the United States, but the Federal Government will pay their salaries," and, as the Senator from Iowa has stated, they are entitled to receive their Federal salary.

The State has enough expense to bear in the conduct of purely State affairs. So a United States Senator is not only representing his people here and looking after their interests, but he is looking after the interests of the whole people, and therefore the Federal Government ought to pay him his salary.

Mr. President, a while ago I quoted Mr. Lincoln, where he thought that the human being should be placed above the dollar; but how much more should we exalt human rights in this Chamber rather than these musty old white-whiskered technicalities that have been dragged around in this Chamber in an effort to settle a question involving the right of a State to be represented by two Senators in this body, as the Constitution provides.

Mr. President, I do not see how anybody can construe the North Dakota statute contrary to the way we have construed it, and I want to challenge those who oppose our position to cite me to a single man—they have not done it yet, and they can not—who appeared on the scene and said at the time they enacted that statute that they did not intend to give the governor a right to appoint a United States Senator.

They say, "Oh, we do not think they did, because they were not specific enough." Many a poor, uneducated man who has accumulated some of this world's goods writes his will and simply says: "I will and bequeath all of my property to my wife and children." Some of his property is in real estate, some of it is in bonds, some of it is in stocks, some in personal property of various kinds.

He did not write out in detail that this one should have a certain amount and the other should have so much; but the courts have decided that when he used the word "all" he meant "all," and therefore all of his property was bequeathed to his wife and children. The language in the North Dakota statute which says "all officers" and "all vacancies" certainly meant to include in the list a United States Senator.

Mr. President, my colleague [Mr. UNDERWOOD] was reading the Constitution yesterday, the old draft in the convention, and the language used was this:

If vacancies happen.

We would not use that language now. We would say "If vacancies occur"; but "happen" was the way they had of expressing it then, and they thought, when they said that, that they were covering the ground, and they were. A little finer and better phraseology would be "occur"—"if vacancies occur." That is the way we would write it now, but they did not write it that way then; and I dare say whoever wrote that statute in North Dakota was not as well versed in technical language as some of our brilliant friends who have discussed this technical question here.

Mr. President, I was diverted a moment ago, right in line with what I was saying about the State of North Dakota providing for filling all vacancies. On top of that they provided a recall for a Senator. How did North Dakota regard this office? When they passed that recall statute, it showed that they regarded it as a State office. Then when the Supreme Court of the country or of the State comes to construe a statute passed by the legislature, it tries to get at what the intent of the lawmakers was at the time they enacted it.

Mr. President, a good many Senators have changed their position, and I am glad they have, because it shows that they are trying to get on the solid rock of right and truth and justice in this case. What more do we need to say regarding what the intention was in the minds and hearts of the people of North Dakota than to remind you that they passed a recall act?

I repeat, they would have no right to recall a purely United States officer, and yet no court has ever declared that their act was unconstitutional. It stands there. It is the law of the State.

Mr. President, that is the peculiar situation up in North Dakota; and I am not in favor of sitting down on North Dakota because she has not used in her statutes the phraseology that some of our friends would have used.

The Senator from Minnesota [Mr. SHIPSTEAD], who comes from that section of the country, who knows how those people feel, who knows something of their burdens, and who is trying to help relieve them of their burdens, will speak in favor of seating Mr. NYE. I want him to know and I want all those in that Northwestern country to know that I am in sympathy with them, and that I want to help them.

Mr. President, I am a member of the Committee on Agriculture and Forestry, and have been since I came into this body, and I was for years a member of the Agricultural Committee in the House. I have listened to witnesses from that State and other States as they testified before our committee; and no man, unless he had a heart of stone, could sit there and hear them tell about their distress without being touched by their sad story.

One of the witnesses who testified before us expressed himself as best he could, sobbing all the while he was testifying. Finally he said, "Men, I am afraid you do not understand the situation we are in. It is a very sad and deplorable one." I asked him, "To what extent are your people mortgaged?" "Eighty-five per cent are mortgaged." I said, "In what way?" "Land, homes, horses, cattle, everything. We are tied up. We are having a hard struggle. I hope you all understand the situation we are in; and if you can help us, for God's sake, do it!"

Mr. President, I remember these words in the book of Nehemiah, the fifth chapter; and I wish the Senator from New Hampshire [Mr. MOSES] were here, for I should like to read some scripture to him:

And there was a great cry of the people and of their wives against their brethren.

Some also there were that said, "We have mortgaged our lands, vineyards, and houses that we might buy corn, because of the dearth."

There were also that said, "We have borrowed money for the king's tribute, and that upon our lands and vineyards."

Mr. President, I thought of North Dakota, and recalled that Scripture as I perused the Bible last night. There are people in North Dakota who are not able to pay their taxes. The financial panic of 1921 took away most of their property and left them heavily involved in debt. God only knows how long it will take for them to get out.

North Dakota, in the sisterhood of sovereign States, in this hour of your distress, when your governor, your mouthpiece, tells me that he has complied with the law and I feel that he has, and that you are not able to pay \$200,000 to call an election to please certain gentlemen who believe in technicalities, I am not going to vote to put that burden upon you; but, as a Senator from the sovereign State of Alabama, I am going to extend to you a helping hand. I am going to vote to give you representation in this body. I am going to listen to the voice of your governor. I have heard the cry of your people in distress. I am listening to the appeal of your Senator, the only one authorized to speak directly for you in this body. I have heard your cry, and I am going to heed it.

O Mr. President, I want Senators to remember that He who walked the dusty highways of Judea preaching the gospel of democracy "unto the least of these, my brethren," said:

I was hungry, and ye gave me to eat. I was naked, and ye clothed me, and inasmuch as ye did it unto one of the least of these, ye did it unto me.

Mr. President, "the cause of liberty is the cause of humanity, and the cause of humanity is the cause of Christ."

Mr. BROOKHART. Mr. President, the first tribunal that is authorized to pass upon this question which we are now considering is the Governor of North Dakota. He received his authority from the seventeenth amendment to the Constitution of the United States. He looked at the laws and decided that under the laws of North Dakota he had the power and authority to appoint Mr. NYE to the vacancy in the United States Senate to the office of Senator from North Dakota. He being a tribunal constituted to pass upon that question, his appointment at least gives a color of title, and Mr. NYE becomes a de facto officer, at least. No other person is claiming the title to this office de jure by any higher right than that of Mr. NYE. Therefore, he comes to us with a color of title that has legal grounds for recognition.

The governor having passed upon that question would, in the first instance, be presumed to be right. In fact, I know of no reason why he should not be conclusively presumed to have had the authority, at least when the matter is entirely uncontested.

In that situation it seems to me that for legal reasons the Senate should recognize his appointment, and Mr. NYE should become at least a de facto Senator. I may be only a de facto Senator myself. My de jure title is contested at this moment; and if the newspapers are correct, I am going to be kicked out in a short time. Nevertheless, I am a United States Senator, holding the office, performing the duties, and my vote will be as binding as the vote of any other Senator.

Upon these grounds, it seems to me, we should vote to give Mr. NYE his place in the Senate.

Mr. SHIPSTEAD. Mr. President, I shall detain the Senate but a short time. In order to keep the record straight, I shall at this time read a few paragraphs from the Annals of Congress of the years 1798 and 1799, covering the Blount impeachment case. The Blount case has been discussed in these debates, and there seems to have prevailed a great deal of difference of opinion as to what the decision in the Blount case actually was.

For instance, it has been said that it decided that a United States Senator is not a Federal officer within that particular provision of the Constitution which provides for impeachment of Federal officers. We have not the debates in the Senate on that resolution as it was finally adopted.

The debates in Congress at that time were not kept as completely in detail as we keep them now, but we have the argument of counsel for Blount and the argument on behalf of the House of Representatives, making a plea that the Senate should assume jurisdiction and try Mr. Blount on the charges brought by the House.

We find that the demurrer that was entered by counsel for Mr. Blount denying the jurisdiction of the Senate was based upon several points. It is interesting, in following the argument of counsel for both sides, to note that the argument made was centered particularly on that point of his demurrer where he denied that a United States Senator was a Federal officer. That paragraph of the demurrer reads as follows:

That although true it is that he, the said William Blount, was a Senator of the United States from the State of Tennessee at the several periods in the said articles of impeachment referred to; yet, that he, the said William, is not now a Senator, and is not, nor was at the several periods, so as aforesaid referred, an officer of the United States; nor is he, the said William, in and by the said articles, charged with having committed any crime or misdemeanor in the execution of any civil office held under the United States, or with any malconduct in civil office, or abuse of any public trust in the execution thereof.

It was charged that the decision of the Senate refusing jurisdiction in the Blount case was based also upon the contention that Blount was not then a Senator, and therefore, it is said, the Senate refused to take jurisdiction. Mr. Bayard argued the case on behalf of the House of Representatives, and I direct attention to the fact that when the distinguished Senator from West Virginia quoted from the Blount case the other day, he quoted from the argument of Mr. Bayard. It is interesting to note that the Senate did not uphold Mr. Bayard's contention. Mr. Bayard himself, when he came to that point of the demurrer where the attorneys for Blount denied jurisdiction on the ground that a Senator is not a United States officer, said that he himself was embarrassed upon that question. There was the main counsel pleading for the jurisdiction of the Senate admitting that upon that point he felt very much embarrassed. I want to read what he had to say on that point, as follows:

I shall now proceed to the discussion of another point, arising out of the plea of the party impeached, embarrassed, I confess, with more difficulties than the one which I have been employed in considering. The plea alleges that William Blount, at the time of the act done, charged in the articles of impeachment, was a Senator of the United States; that a Senator is not an officer of the United States; and that no persons but the President, Vice President, and civil officers are liable, by the Constitution, to impeachment. In answer to this objection we submit two points:

1. That all persons, without the supposed limitation, are liable to impeachment.
2. That in order to carry into effect the general intent of the Constitution a Senator must be considered as a civil officer.

In the argument of Mr. Ingersoll on behalf of Mr. Blount he waived the objection that had been made on the ground that the Senator was not then a Senator. He said:

I certainly shall never contend that an officer may first commit an offense and afterwards avoid punishment by resigning his office.

All through the argument we find the controversy revolving itself around the question of whether or not a United States Senator is a Federal officer. In his argument Mr. Ingersoll said:

Who is a Senator? How appointed? To whom ought he to be amenable? Does he fall within the former or the latter class? And which of these provisions is most applicable to him?

They are appointed by the State legislatures—each has one vote—they are the representatives of the portion of sovereignty remaining in the individual States; they are sent as guardians to preserve the remaining limited sovereignty of the States. Do the reasons which show the propriety of rendering the Executive and its officers liable to impeachment apply to these characters?

It is interesting to note that in the resolution that was finally passed upon by the Senate and voted down there is no reference to that particular part or provision of the Constitution providing for impeachment of Federal officers, showing that the resolution was not confined to that particular provision of the Constitution. The resolution reads as follows:

That William Blount was a civil officer of the United States within the meaning of the Constitution of the United States, and therefore liable to be impeached by the House of Representatives.

That, as the articles of impeachment charge him with high crimes and misdemeanors, supposed to have been committed while he was a Senator of the United States, his plea ought to be overruled.

That resolution was offered in the Senate of the United States, sitting as a court of impeachment, on January 7, 1799. On the 10th day of January the Senate voted upon the resolution, the yeas being 11 and the nays 14.

It seems to me that that resolution and that decision are as plain as anything that can be put in the English language, placing the United States Senate on record as deciding that a Senator of the United States is not a Federal officer within the meaning of the Constitution of the United States. That decision was made over 100 years ago, so, as has been said, it is very old. I beg you to bear in mind, however, that this decision was rendered only a few years after the Constitutional Convention. It may be said that it was rendered in the shadow of that convention, when the debates and intentions of the members thereof were fresh in the minds of men in public life.

While it is true that by this decision they did not decide that a Senator is a State officer, the Senate did, however, decide that he is not an officer of the United States within the meaning of the Constitution.

In Tucker's Constitutional Law, page 414, paragraph I, we find the following:

Nowhere in the Constitution is a Senator or Representative spoken of as an officer of the United States, or even as an officer at all, and in Article I, section 6, clause 2, of the Constitution the distinction between a Senator and a Representative and a civil officer of the United States is very clearly set forth.

That statement was not made so long ago; but I want at this time to bring up a little more recent testimony. We find in the CONGRESSIONAL RECORD of December 17, 1917, a statement by the distinguished Senator from Idaho [Mr. BORAH]. Upon that occasion he said on the floor of the Senate:

I am accredited here by one of the States of the Union, and I had supposed that without the consent or permission of other Senators, so long as I kept within the rules, I might rise in my place and make suggestions with reference to these questions without being brought under a schoolmastership from a Member of the Senate.

I ask you to note that expression—

I am accredited here by one of the States of the Union.

In the next paragraph I find this statement by the Senator from Idaho:

Some time or other we have got to discuss it and consider it and, as the representatives of the different States of the Union, come to a conclusion.

There we have more recent testimony from the United States Senate. I ask Senators to note that he said that we are here—

as the representatives of the different States of the Union.

North Dakota, as has been said in the debate, is entitled to two Representatives on an equality with all the other sovereign States of the Union. It has also been pointed out that on technicalities a doubt might be cast upon the seats of other Senators. That has not been done. The manufacturing State of Massachusetts has two Senators. The large industrial States, like the State of New York, each have two Senators. It would be interesting to know if this question of doubt had been cast upon a Senator coming from a large industrial State instead of one coming from an agricultural State what the vote upon the resolution would have been.

Mr. President, I shall not longer continue my remarks. There has been in the last few days such a thorough discussion of the subject that I feel it has been exhausted from a constitutional point of view, and I feel it has been exhausted from a political point of view, and for that reason I shall conclude my brief remarks at this time. I hope that we can approach the vote upon the resolution in the broad spirit that should animate the Senate upon all occasions, keeping in mind the background of the American system of government, that after all the will of the people should be carried into effect.

It was said upon the floor of the Senate the other day by the Senator from Indiana [Mr. WATSON], who is a member of the Committee on Privileges and Elections, that there was no doubt in his mind that Mr. NYE would be returned to the Senate if an election were held. It has not been charged here that Mr. NYE does not represent the will of the people of North Dakota. It is conceded that if an election were held he would be sent back. So if the Senate will adopt the resolution seating Mr. NYE, we will have from the State of North Dakota two Senators, giving that State equal representation with the other sovereign States, and we can then begin work upon the great mass of legislation that confronts us and which the country desires us to pass upon at the earliest possible moment.

Mr. FESS. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Ashurst	Fletcher	Lenroot	Sackett
Bayard	Frazier	McKellar	Schall
Bingham	George	McLean	Sheppard
Blease	Gerry	McMaster	Shipstead
Borah	Gillett	McNary	Shortridge
Bratton	Glass	Mayfield	Simmons
Brookhart	Goff	Means	Smith
Broussard	Gooding	Metcalf	Stanfield
Bruce	Hale	Moses	Stephens
Butler	Harrell	Neely	Swanson
Capper	Harris	Norris	Trammell
Caraway	Harrison	Oddie	Tyson
Couzens	Heflin	Overman	Underwood
Curtis	Howell	Pepper	Wadsworth
Dale	Johnson	Pine	Walsh
Deneen	Jones, N. Mex.	Pittman	Warren
Dill	Jones, Wash.	Ransdell	Watson
Edge	Kendrick	Reed, Mo.	Wheeler
Ernst	Keyes	Reed, Pa.	Williams
Ferris	King	Robinson, Ark.	Willis
Fess	La Follette	Robinson, Ind.	

Mr. CURTIS. I was requested to announce the absence of the Senator from Utah [Mr. SMOOT], who is engaged in the Committee on Finance.

The VICE PRESIDENT. Eighty-three Senators having answered to their names, a quorum is present. The question is on the amendment of the Senator from Mississippi [Mr. STEPHENS] to strike out of the resolution (S. Res. 104) all after the word "Resolved," and to insert in lieu thereof:

That GERALD P. NYE is entitled to a seat in the Senate of the United States as a Senator from the State of North Dakota.

Mr. ASHURST. I call for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. FLETCHER (when his name was called). I have a general pair with the Senator from Delaware [Mr. DU PONT]. I am advised that if the Senator from Delaware were present, he would vote "nay." If I were privileged to vote, I should vote "yea." Under the circumstances, I withhold my vote.

Mr. GEORGE (when his name was called). I have a pair with the senior Senator from Colorado [Mr. PHIPPS]. I am

advised that if the senior Senator from Colorado were present, he would vote "nay." I am therefore privileged to vote. I vote "nay."

Mr. JONES of New Mexico (when his name was called). I have a general pair with the senior Senator from Maine [Mr. FERNALD]. I have just been talking with him over the telephone and find that he is not able to get to the Senate Chamber for this vote. If he were present, the Senator from Maine would vote "nay." If I were permitted to vote, I should vote "yea." Under the circumstances, I must withhold my vote.

Mr. PITTMAN (when his name was called). I have a general pair with the junior Senator from Utah [Mr. KING]. Not knowing how he would vote on this matter if present, I am compelled to withhold my vote.

The roll call was concluded.

Mr. ERNST. I transfer my pair with the junior Senator from New Jersey [Mr. EDWARDS] to the senior Senator from Colorado [Mr. PHIPPS], and vote "nay."

Mr. DILL (after having voted in the affirmative). I have a general pair with the Senator from Arizona [Mr. CAMERON]. I understand, if he were present, he would vote "yea." I therefore let my vote in the affirmative stand.

The result was announced—yeas 41, nays 39, as follows:

YEAS—41

Ashurst	Harrell	Mayfield	Smith
Borah	Harris	Neely	Stanfield
Bratton	Harrison	Norris	Stephens
Brookhart	Heflin	Overman	Swanson
Broussard	Howell	Ransdell	Trammell
Capper	Johnson	Reed, Mo.	Tyson
Copeland	Kendrick	Robinson, Ark.	Underwood
Couzens	La Follette	Schall	Wheeler
Dill	McKellar	Sheppard	
Ferris	McMaster	Shipstead	
Frazier	McNary	Simmons	

NAYS—39

Bayard	Ernst	Keyes	Robinson, Ind.
Bingham	Fess	Lenroot	Sackett
Blease	George	McLean	Shortridge
Bruce	Gerry	Means	Wadsworth
Butler	Gillett	Metcalf	Walsh
Caraway	Glass	Moses	Warren
Curtis	Goff	Oddie	Watson
Dale	Gooding	Pepper	Williams
Deneen	Hale	Pine	Willis
Edge	Jones, Wash.	Reed, Pa.	

NOT VOTING—15

Cameron	Fernald	King	Pittman
Cummins	Fletcher	MKinley	Smoot
du Pont	Greene	Norbeck	Weller
Edwards	Jones, N. Mex.	Phipps	

So Mr. STEPHENS's amendment was agreed to.

The VICE PRESIDENT. The question is now upon agreeing to the resolution as amended.

The resolution as amended was agreed to, as follows:

Resolved, That GERALD P. NYE is entitled to a seat in the Senate of the United States as a Senator from the State of North Dakota.

Mr. FRAZIER. Mr. President, Mr. NYE, the Senator appointed by the Governor of the State of North Dakota is in the Chamber, and I ask that he be sworn in at this time.

The VICE PRESIDENT. The Senator appointed will present himself at the desk to take the oath of office.

Mr. NYE, escorted by Mr. FRAZIER, advanced to the Vice President's desk, and, the oath prescribed by law having been administered to him, he took his seat in the Senate.

GOVERNMENT BOARDS AND COMMISSIONS

Mr. DILL. Mr. President, I desire to give notice that tomorrow morning, at the conclusion of the morning business, I desire to address the Senate on the subject of the importance of independence of action on the part of members of boards and commissions of the Government.

THE WORLD COURT

Mr. LENROOT. I move that the Senate proceed to executive business in open executive session for the consideration of Senate Resolution 5.

The motion was agreed to, and the Senate, in open executive session, resumed the consideration of Senate Resolution 5, providing for adhesion on the part of the United States to the protocol of December 16, 1920, and the adjoined statute for the Permanent Court of International Justice, with reservations.

Mr. SHIPSTEAD. Mr. President, I rise to get some information.

I understand that a unanimous-consent agreement has been made to go into executive session at 4 o'clock to take up a matter that was decided upon in executive session the other day. I had expected to address the Senate this afternoon upon the resolution for the adhesion of the United States to the so-called World Court. I can not conclude my remarks by

4 o'clock, and I am wondering whether an arrangement can be made to have that unanimous-consent agreement continued until to-morrow; or, if that is not agreeable to the Senate, if no other Senator has given notice to speak to-morrow when the Senate convenes upon this resolution, I shall be ready to address the Senate to-morrow, hoping to have enough time in the afternoon to conclude whatever remarks I have to offer upon the resolution.

Mr. LENROOT. Mr. President, of course I should be very glad to accommodate the Senator from Minnesota, but I think the time has come when this resolution should take its regular course. I sincerely hope that other Senators who do not care to speak at the length that the Senator from Minnesota does may occupy the time this afternoon. If they do not, I shall be compelled to ask for the usual procedure of reading the treaty. It will be entirely agreeable to me, if the Senate is willing, to have the unanimous-consent agreement changed as the Senator suggests.

Mr. JOHNSON. Mr. President, I was about to suggest to the Senator from Wisconsin and to the Senator from Minnesota that inasmuch as the unanimous-consent agreement for an executive session at 4 o'clock this afternoon to pass upon the nomination of Mr. McCamant was made at my instance, I should be very glad to go on now with that particular matter, or to fix it for to-morrow if that will be satisfactory to the Senator from Oregon [Mr. McNARY], or to do whatever may be desired by those who are in control of the matter. May I say to the Senator from Wisconsin that, in my opinion, the executive business set for 4 o'clock will take a couple of hours in any event. So far as I am concerned, I am perfectly willing to go on with it right now.

Mr. LENROOT. I suggest that the Senator ask unanimous consent to have the unanimous-consent agreement postponed until to-morrow at the same time.

Mr. CURTIS. Why not make it 3 o'clock?

Mr. JOHNSON. It would be better to make it 3 o'clock, because it is going to take two hours, and possibly three, when we get into it.

Mr. LENROOT. I suggest making it 3.30, then.

Mr. JOHNSON. If it is satisfactory, of course, to the Senator from Oregon, why not go on with it now?

Mr. McNARY. Mr. President, I see that we have our leader with us, and I was going to ask why could we not take up the executive matter in closed session this afternoon at this hour and let the Senator from Minnesota proceed to-morrow at length.

Mr. LENROOT. The Senator thinks it will take two hours?

Mr. JOHNSON. Oh, I am satisfied of that.

Mr. LENROOT. I have no objection.

EXECUTIVE SESSION

Mr. CURTIS. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to, and the Senate proceeded to the consideration of executive business. After 3 hours and 15 minutes spent in executive session the doors were reopened, and (at 5 o'clock and 50 minutes p. m.) the Senate adjourned until to-morrow, Wednesday, January 13, 1926, at 12 o'clock meridian.

NOMINATION

Executive nomination received by the Senate January (legislative day of January 7), 1926

MEMBER UNITED STATES SHIPPING BOARD

Philip S. Teller, of California, to be a member of the United States Shipping Board for a term expiring June 9, 1928, vice Meyer Lissner resigned.

CONFIRMATIONS

Executive nominations confirmed by the Senate January 12 (legislative day of January 7), 1926

COMPTROLLER OF CUSTOMS

John J. Deane to be comptroller of customs in customs collection district No. 23, with headquarters at San Francisco, Calif.

COLLECTORS OF CUSTOMS

William B. Hamilton to be collector of customs for customs collection district No. 28, with headquarters at San Francisco, Calif.

Robert W. Humphreys to be collector of customs for customs collection district No. 22, with headquarters at Galveston, Tex.

Roy Campbell to be collector for customs collection district No. 23, with headquarters at San Antonio, Tex.

PROMOTIONS BY TRANSFER IN THE ARMY

Richard Brown Thornton to be second lieutenant, Quartermaster Corps.

Hubert Whitney Ketchum, jr., to be second lieutenant, Cavalry.

PROMOTIONS IN THE ARMY

To be lieutenant colonels

Emory Sherwood Adams.

To be majors

Selden Brooke Armat.

Jerome Clark.

George Zinn Eckels.

Clarence Maynard Exley.

To be captains

Thomas Boroughs Richardson

Robert Oney Wright.

Samuel Wilber Stephens.

Edwin Todd Wheatley.

Richard Cohron Lowry.

John Winthrop Mott.

Albert Edgar Billing.

To be first lieutenants

William Dickey Long.

Sidney Rae Hinds.

Henry Irving Hodes.

Halley Grey Maddox.

Harvey Kenneth Greenlaw.

Snowden Ager.

William Joel Tudor Yancey.

John English Nelson.

Leon Eugene Lichtenwalter.

Harold Todd Turnbull.

POSTMASTERS

LOUISIANA

Joseph D. Hebert, Cottonport.

Bernard Isaacs, Gueydan.

Mable B. Leland, Kinder.

Joseph R. Domengeaux, Lafayette.

Albert R. Smith, Mangham.

NORTH CAROLINA

William E. Rutledge, Yadkinville.

HOUSE OF REPRESENTATIVES

TUESDAY, January 12, 1926

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Our heavenly Father, bestow upon us that spirit that discerns Thee with unclouded vision. Hold us closely to the things we know to be right, and let these work mightily against the things we know to be wrong. In all situations enable us to be temperate, forbearing, and patient. May our laws be so just and so wisely administered that our Nation shall be an example for all lands. Prosper our country through the diligence and fidelity of all our citizens. Bless all influences that are providing greater unity and cooperation. May Thy kingdom and Thy will be done on earth. For Thy name's sake. Amen.

The Journal of the proceedings of yesterday was read and approved.

TRANSCONTINENTAL HIGHWAYS

Mr. NELSON of Missouri. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD on the road situation in Missouri.

The SPEAKER. The gentleman from Missouri asks unanimous consent to extend his remarks in the RECORD on the road situation in Missouri. Is there objection?

There was no objection.

Mr. NELSON of Missouri. Mr. Speaker, the New York Times of Sunday, January 10, in discussing transcontinental highways, said, in part:

The Mississippi River still effectively separates the Nation into distinct regions, especially in the matter of highway construction.

From New York the motorist rolls through the intervening States—Pennsylvania, Ohio, Indiana, and Illinois—over pavement or well-graveled roads almost without jar or bump. His route across the West decided upon, he cuts straight across northern Illinois to Iowa if he intends to go over the Lincoln Highway or he turns south toward Springfield and St. Louis if he has decided upon the National Old Trails or Victory Highways.

The new system of concrete pavements in Illinois takes the motorist across and up and down the State in short order to the boundaries of Iowa and Missouri, "where the mud begins." Just which State affords the greatest thrill in wet weather, where "that sticky feeling" has the firmest grip, is not argued by residents of that region, but an impartial motorist will perhaps throw his vote to Missouri.

Mud which rolls under the fenders, becomes a solid mass from the steering apparatus to the wheel spokes, and finds lodging on the rear

axle to the extent that it will not allow the wheels to turn can hardly be deprived of the "honor" of being the dark cloud on the motorist's horizon. Balloon tires and chains seem to aggravate the situation. Light cars, which cut in and out, slip past here and there, get along somehow, while the powerful, heavy cars creep along until the wheels will no longer turn. This is an introduction to Missouri at its worst.

Instead of conditions being as represented by this metropolitan paper, generally reliable and always ably edited, the truth is, to quote B. H. Piepmeier, efficient chief engineer for the Missouri State Highway Department:

Missouri now has under way the largest road-construction program of any State in the Union.

I would add that January 10—the date of the publication of the New York road story, in which Missouri is represented as being a mud-road State—marked the informal opening of a 365-day hard-surfaced road from St. Louis to Kansas City, although the state-wide celebration marking the completion of this "air line" will not be held until May. This highway, practically all of which is now paved, is a model road, with easy grades, and so direct is it that from a central point in St. Louis to a central point in Kansas City the distance is but 256 miles. This highway, which passes through Columbia near the center of the State, then crosses the Missouri River at Boonville over the splendid new free bridge made possible largely through public-spirited citizens, is known as the "Old Trails Highway," or Highway No. 2. Under the new Federal plan for numbering, this being a transcontinental road, it becomes No. 40. Another transcontinental road connecting St. Louis and Kansas City is located south of the Missouri River and passes through Jefferson City, the State capital. This road, now known as No. 12, is to become No. 50.

Specific reference might be made to many other east-west and north-south highways now completed or under construction in Missouri, but a brief history of the work and a summary of the same will suffice.

It is true that Missouri was once a mud-road State. Wherever there is deep, rich soil, as is found there, such conditions are natural. It is true also that with an enterprising people a good soil may grow good roads as well as good crops.

On November 20, 1920, Missouri, through the adoption of a constitutional amendment, authorized \$60,000,000 for the building of roads. Rapid prosecution of the work, which is to include 7,640 miles, is being made. I have here a telegram just received from B. H. Piepmeier, State highway engineer for Missouri, and which is in reply to a wire which I sent him. It is illuminating and to me gratifying, setting forth, as it does, these facts: Under the present road-building program in Missouri contracts totaling \$89,526,000 have been let. Value of work done is \$73,540,000. Road work under contract amounts to 1,797 miles, while contracts have been completed on 3,793 miles. Contracts let in 1925 amount to \$26,344,000. During the same year work was completed on 825 miles of hard surfacing and 364 miles of graded earth.

As a further aid toward this ambitious State road-building program, millions of dollars in revenue are derived from motor-vehicle registration fees and a 2-cent gasoline tax, voted by the people at the general election in November, 1924. The telegram already referred to as coming from Engineer Piepmeier shows that for the year 1925 motor-vehicle fees in Missouri amount to \$7,267,000, while the gas tax totaled \$4,234,000.

Missouri is doing more than building good roads; she is maintaining them. The work of maintaining State roads was inaugurated very shortly after the adoption in November, 1922, of the amendment to the State constitution, authorizing the use of a portion of automobile fees for maintenance work.

Since the beginning of this extensive road-building program in Missouri, four bridges have been built over the Missouri River, one at Boonville at a cost of \$556,335, one at Lexington at a cost of \$1,167,546, one at Glasgow costing \$566,312, and one at Waverly at a cost of \$748,767. These four Missouri River bridges were built under what is known as the McCullough-Morgan law, under which law Federal money could not be used to match local money.

Referring to road progress in Missouri, I would at this time call attention to the work of a pioneer roadman, the late D. Ward King, father of the split-log drag. As lecturer for the Missouri State Board of Agriculture and as author of various bulletins, some of which were republished by the United States Department of Agriculture and later translated into other languages and used by foreign countries, this Missouri farmer rendered a great service to the cause of better roads. The simple, inexpensive split-log drag made for better travel on thousands of miles of road, and the principle was soon put

into practical application by the manufacturers of road-building machinery.

Yes; Missouri is lifting herself out of the mud and doing so more rapidly than is any other State in the Union. The transcontinental tourist who passes through Missouri will now find no just cause for complaint. Furthermore, through a system of connecting highways, practically every part of the State is made accessible. Included are the wonderful natural playgrounds and beauty spots of the matchless Ozark region. Even now in the southern part of the district which I have the honor to represent, there is under way a hydroelectric power project which will provide an artificial lake having 970 miles of shore line. Over the dam, with its mass of masonry, it is proposed to route one of the scenic highways of the State.

According to the report of the chief of the Bureau of Public Roads, United States Department of Agriculture, a new record was established in 1925, when 11,328 miles of Federal-aid roads were constructed during the fiscal year ending June 30. As shown by the Missouri figures quoted, a considerable part of the work referred to was done in that State.

Without going further into the subject, I would add that in any movement looking to better transportation facilities, including the improvement of our inland waterways, Missouri will be found in the forefront.

REDUCTION AND LIMITATION OF ARMAMENT

Mr. SNELL. Mr. Speaker, I desire to present for printing in the RECORD a privileged report from the Committee on Rules.

The SPEAKER. The gentleman from New York presents a privileged report from the Committee on Rules, which the Clerk will report.

The Clerk read as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of House Joint Resolution 107, to provide for the expenses of the participation of the United States in the work of a preparatory commission to consider questions of reduction and limitation of armaments. That after general debate, which shall be confined to the resolution and shall continue not to exceed one hour, to be equally divided and controlled by those favoring and opposing the resolution, the resolution shall be read for amendment under the five-minute rule. At the conclusion of the reading of the resolution for amendment the committee shall arise and report the resolution to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the resolution and the amendments thereto to final passage without intervening motion, except one motion to recommit.

The SPEAKER. Referred to the House Calendar.

EXTENSION OF REMARKS

Mr. LINTHICUM. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by printing the speech of Governor Albert C. Ritchie, of Maryland, delivered in Chicago on January 8.

The SPEAKER. The gentleman from Maryland asks unanimous consent to extend his remarks in the RECORD by printing the speech recently delivered by Governor Ritchie, of Maryland. Is there objection?

Mr. SNELL. Mr. Speaker, reserving the right to object, I think that such a matter as this is entirely out of the regular line of what the CONGRESSIONAL RECORD is intended for, and I hope the gentleman from Maryland will withdraw his request.

Mr. LINTHICUM. No. The gentleman is going to make the request every morning.

Mr. SNELL. Then I shall have to object.

The SPEAKER. Objection is heard.

THE WEST FORGOTTEN

Mr. EVANS. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD on the farm situation.

The SPEAKER. The gentleman from Montana asks unanimous consent to extend his remarks in the RECORD on the farm situation. Is there objection?

There was no objection.

Mr. EVANS. Mr. Speaker, when adversity pursues the farmer, want dogs the footsteps of the wageworker.

In 1924 the Secretary of Agriculture reported that in the 15 principal wheat-growing States more than 108,000 farmers since 1920 have lost their farms through foreclosure or bankruptcy; that more than 122,000 have surrendered their property without legal proceedings, and that nearly 375,000 have retained possession of their property only through the leniency of their creditors, making a total of more than 600,000, or 26 per cent of all farmers, who have virtually been bankrupted since 1920 in these 15 States alone.

The poverty of the farmers is reflected, of course, in the cities and towns. Next to the farmer himself, those most directly affected by this deplorable condition are the industrial workers, especially the railroad employees. If the farmer does not prosper, the railroads languish and lay off their employees, factories close, and other workers are idle. It is an endless chain. The inevitable follows—when the farmer fails, the wage earner must tighten his belt.

FARMER REACHED THE END OF HIS ROPE

The farmers have been producing food since 1920 for practically nothing, and in many cases at an actual cash loss, even without counting their own time and labor and that of their families as being worth anything at all. As a result, they have come to the end of their rope.

Thousands of men who owned their land have lost it. Thousands more who were tenant farmers have seen their savings swept away and have gone through bankruptcy, being forced to begin again with nothing after spending their lives in hard and honest toil in the most essential of all industries.

The farmer's trouble centers around the lack of adequate price for his products. Measured by its comparative commodity value, his dollar is a 60-cent dollar. In other words, the exchange value of his commodities is upon that basis. He can not survive under such conditions.

TARIFF HITS FARMERS AND WORKERS ALIKE

It is simply a physical impossibility for the farmers to continue to buy their supplies in a highly protected market, and at the same time sell their products for whatever they are offered in a foreign market. Nor should the factory worker be deluded in this matter. He receives no higher wages in protected industries than in those not protected. For instance, the wages paid in the highly protected woolen and clothing industry are among the lowest paid in the country.

The tariff is not effective in raising price levels on the farmers' surplus. He produces a surplus of a number of basic commodities which must find a market under world conditions. He buys by the American market and sells by a world market. If he is to survive he must be put on an American basis in his selling as well as his buying. To put him on a par with the rest is not doing him a favor. It is plain justice.

THE IOWA CONFERENCE

A conference was held in Iowa a few days ago in which, I think, was clearly expressed the fact that the farmers of Iowa have found out and realize and admit that they were not benefited by those unreasonable rates in the Fordney-McCumber law. Let us see who attended that convention and see whether or not it was representative. I read:

On December 21 and 22 the Corn Belt committee and the executive committee of the American Council of Agriculture held a joint session at Des Moines, Iowa. These committees represent every farm organization of consequence in the great Corn Belt States, with an aggregate membership of approximately a million farmers. At the conclusion of the two-day session the following resolutions were unanimously adopted.

Then follow the resolutions in detail.

Here is one:

We do not concede that the existing Fordney-McCumber Act is of great benefit to agriculture as a whole.

That is in direct reply to the contention made by President Coolidge in a speech to the Farm Bureau Federation meeting which was held in Chicago early in last December. Then the resolution goes on—

On the contrary, the staggering burdens imposed upon the consumers of the country through this act fall as heavily upon the farmer as upon any other class. On the one hand, the farmer pays his full share of the heavy tariff tribute upon practically everything he buys, while, on the other hand, the price of his great surplus commodities is fixed in the world markets.

If the existing tariff is such a boon to agriculture, then how can the fact be explained that, although the tariff has been in operation for five years, agriculture is at this hour straggling on the brink of complete collapse.

Let me read another paragraph:

In this connection, and with a degree of amusement which shows that despite our tragic condition we still have a sense of humor left, we note that the new measure sponsored by Secretary Jardine is to prove a means of salvation to the farmer by supplying him with a new and expert fund of information about the mysteries of cooperative marketing. And in these premises we desire to assure the Secretary that it is not information that we need but a fair price. As a matter of fact, we never had so much information in our lives—it is about all that we have left. But we wonder if when the Fordney-McCumber

bill was under debate in Congress some one moved to submit a bureau of information whether this would have been satisfactory to industrial New England.

They not only have all the information they want but they appear to have had all the experience they want.

M'NARY-HAUGEN BILL

In the last Congress an effort was made to pass the McNary-Haugen bill, designed to remedy the farm situation. The President of the United States sent a message to Congress on this subject. He had sent Frank W. Mondell and Eugene Meyer, jr., Directors of the War Finance Corporation, into the agricultural districts of the country to make him a report on the subject, and had otherwise professed interest for the distressed industry, and yet when the vote is taken we find Massachusetts, the home of the President of the United States; the home of John W. Weeks, a member of the President's Cabinet; the home of Henry Cabot Lodge, leader of the majority in the United States Senate; the home of Mr. GILLET, Speaker of this House; the home of Mr. Winslow, chairman of the Committee on Interstate and Foreign Commerce, which controls railroad legislation; the home of Mr. Dallinger, chairman of the Committee on Education in this House; the home of Mr. LUCE, chairman of the Library Committee of this House; the home of William S. Greene, chairman of the Committee on Merchant Marine in this House, casting its vote solidly against the bill, with one exception.

One lone man from Massachusetts—may his tribe increase—voted with us, while every other man in that delegation voted against us. Perhaps we should be thankful for that one vote, because we did not get a single other one from all New England. New England, that section of the country that for 50 years has prospered and grown rich at the expense of the American people because of special-privilege legislation passed in her behalf, gives us not a single vote—save the one from Massachusetts.

Out of 43 votes from the Empire State of New York the suffering agriculturists of the country must content themselves with one vote. The States bordering on the Atlantic coast from Maine to Florida—all largely engaged in commerce and manufacturing, give agriculture in this crisis three votes.

Throughout the discussion of the bill the attitude of the Members from New England has been to decry this bill on the theory that it granted special privilege to a part of the people. We have heard over and over these men say it was wrong to tax all the people for a part of the people.

The gentleman from Massachusetts [Mr. LUCE] spoke of this legislation as a "bonus" to the farmer; on another occasion he called it a "subsidy" to the farmer and suggested in time the farmers would work out their salvation under the natural economic laws of supply and demand. During his speech in opposition to the bill the following colloquy took place:

Mr. LUCE. I will yield to the gentleman from Washington.

Mr. SUMMERS of Washington. The gentleman has a good deal to say about supply and demand and economic forces and all that sort of thing. Does that apply to this knife, which cost me 75 cents but which I believe could be made to sell at 30 cents, but it would have to be manufactured in Japan or Germany instead of Pennsylvania or Connecticut?

Mr. LUCE. I am a Yankee, and it is said to be the prerogative of a Yankee to answer one question by asking another. Did the gentleman vote for the tariff which produced that price? [Laughter and applause.] And if he voted for the tariff, why?

Mr. SUMMERS of Washington. It is the first time I have had the opportunity of saying I will never vote for a tariff act that does not give its benefits to all classes and all parts of the country. [Applause.]

Mr. Speaker, perhaps the gentleman from Washington [Mr. SUMMERS] has the key to the situation. When gentlemen from the State of Washington and other agricultural States refuse longer to vote for bills like the Fordney-McCumber tariff bill the financial distress of the farmer will begin to lessen.

THE FORDNEY-M'CUMBER BILL

The prosperous manufacturing section of the country is thriving on the results of special privilege granted them through the laws of the land. The Fordney-McCumber tariff bill permits the manufacturers to take from the pockets of the American people \$3,000,000,000 to \$4,000,000,000 annually by compelling them to pay 50 to 100 per cent more for every article they consume than they would otherwise be compelled to do; but whenever any legislation is attempted in an effort to do something for the farmer population it is denounced as class legislation.

LEST WE FORGET

Lest we forget, a brief review of the votes cast for the Fordney-McCumber tariff bill by men representing these distressed agricultural States might now be illuminating.

The imperial State of Iowa, which probably produces more agricultural products than any other State in the Union, has 11 votes in this House, and she cast 11 votes for the Fordney-McCumber tariff bill.

Kansas, which produces almost twice as much wheat as any other State, has eight votes to give, and she gives all for this tariff bill.

Nebraska gives her total of six votes to the cause of special privilege.

Washington, the home of Mr. SUMMERS, who now says he will never again vote for a tariff bill that does not give equal benefits to all classes, casts her five votes for the bill.

Every vote cast by Colorado, South Dakota, New Mexico, and Wyoming was cast for the benefit of New England.

When the roll was called Oregon, Montana, Utah, and Idaho found every Representative in his seat, and every man cast his vote for the Fordney-McCumber tariff bill.

North Dakota alone, out of all that empire stretching from the Mississippi River to the Pacific Ocean, cast one vote against this tariff bill.

Now, when these 15 stricken States ask the great industrial interests of the country to reciprocate the favor bestowed, that great beehive of industry, New England, gives us one vote.

Mr. Speaker, if the New England industries were in the stricken condition that agriculture finds itself west of the Mississippi, there would be riots in the Capitol to-day in an effort to secure legislative relief.

CALL OF THE HOUSE

Mr. LINTHICUM. Mr. Speaker, I make the point of no quorum.

The SPEAKER. The gentleman from Maryland makes the point of no quorum, and the Chair will count. [After counting.] It is clear a quorum is not present.

Mr. TILSON. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The doors were closed.

The Clerk called the roll, when the following Members failed to answer to their names:

[Roll No. 8]

Allgood	Deal	McLaughlin, Nebr.	Sears, Fla.
Bankhead	Drewry	Mead	Seger
Beedy	Esterly	Michaelson	Somers, N. Y.
Bell	Fairchild	Morin	Stalker
Berger	Flaberty	Parks	Strong, Pa.
Bland	Gallivan	Patterson	Sullivan
Britten	Garber, Okla.	Peavey	Swartz
Canfield	Garner, Tex.	Perkins	Sweet
Carew	Hawley	Purnell	Thomas
Carpenter	Johnson, Ill.	Quayle	Tucker
Celler	Kemp	Raker	Vare
Crowther	Kendall	Reece	Vinson, Ky.
Cullen	Kerr	Reed, Ark.	Walters
Davenport	Kindred	Reed, N. Y.	Watson
Davey	Kurtz	Sabath	Zihlman

The SPEAKER. Three hundred and seventy Members have answered to their names. A quorum is present.

Mr. GREEN of Iowa. Mr. Speaker, I move to dispense with further proceedings under the call.

The motion was agreed to, and the doors were opened.

SETTLEMENT OF THE INDEBTEDNESS OF ITALY TO THE UNITED STATES

Mr. GREEN of Iowa. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H. R. 6773, being a bill to authorize the settlement of the indebtedness of the Kingdom of Italy to the United States of America. Pending that motion, Mr. Speaker, I desire to submit a unanimous-consent request. After consultation with gentlemen on the other side I ask unanimous consent that general debate on the bill be confined to the bill; that the time be divided equally between those in favor of the bill and those against it; that the time of those against the bill be controlled by the gentleman from Mississippi [Mr. COLLIER] and that the time of those in favor of the bill be controlled by myself.

The SPEAKER. The gentleman from Iowa asks unanimous consent that debate on the bill be confined to the bill; that the time be divided equally between those in favor of the bill and those against it; that the time of those against the bill be controlled by the gentleman from Mississippi [Mr. COLLIER] and the time of those in favor of the bill be controlled by the gentleman from Iowa [Mr. GREEN]. Is there objection?

There was no objection.

Mr. GREEN of Iowa. Mr. Speaker, I have done this because I feel that at this time it would be difficult to determine on the amount of time required for debate on the bill, and in any event I do not think we shall be able to finish it to-day.

The SPEAKER. The question is on agreeing to the motion of the gentleman from Iowa that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H. R. 6773, a bill to authorize the settlement of the indebtedness of the Kingdom of Italy to the United States of America.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of H. R. 6773, a bill to authorize the settlement of the indebtedness of the Kingdom of Italy to the United States of America, with Mr. MADDEN in the chair.

The CHAIRMAN. The House is in Committee of the Whole House on the state of the Union for the consideration of a bill (H. R. 6773) to authorize the settlement of the indebtedness of the Kingdom of Italy to the United States of America, which the Clerk will report.

The Clerk read the title of the bill.

Mr. GREEN of Iowa. Mr. Chairman, I ask unanimous consent that the first reading of the bill be dispensed with.

The CHAIRMAN. The gentleman from Iowa asks unanimous consent that the first reading of the bill be dispensed with. Is there objection?

There was no objection.

Mr. GREEN of Iowa. Mr. Chairman, I yield to the gentleman from Georgia [Mr. CRISP] such time as the gentleman may desire. [Prolonged applause, the Members rising.]

The CHAIRMAN. The gentleman from Georgia is recognized for one hour.

Mr. CRISP. Mr. Chairman and gentlemen of the committee, my colleagues, I would be a base ingrate if I did not from the depths of my heart appreciate the courtesy and the compliment you have just shown me. I thank you.

Gentlemen, as a member of the Foreign Debt Funding Commission, I have no secrets to conceal from you. I am willing to answer any question that you may desire to ask me about what transpired in the commission, with this condition—I am not going to yield to anyone until I have presented the commission's side of this case to the House. If I am let alone I apprehend I shall answer 95 per cent of the questions that would be asked me. If I yield, I will be diverted from the way I desire to present the case to you. When I have presented it, then I will stand here as long as you desire and answer to the best of my ability any question you ask. Therefore I ask the Chairman to protect me against interruptions until I shall have presented the case. [Applause.]

Gentlemen, you are called upon to settle debts loaned our fighting allies in the prosecution of the war against Germany. Suppose Germany had won the war, what would be the status of these debts? They would be canceled. You would not receive one farthing for the ten billions of dollars loaned; and that is not all. Instead of this Congress having had the pleasure of reducing the taxes of the American people since the armistice two and a half billion dollars; instead of this session being able to reduce taxes \$325,000,000, you would have been called upon to levy billions of dollars additional taxes. The American people would be groaning and loaded down under tax burdens.

American labor would be working for a mere pittance, possibly under military control dictated by a war-mad kaiser in Germany. Suffering and starvation would have been the fate of the American people. In my judgment, the sufferings of the children of Israel under a despotic Pharaoh, who compelled them to make brick even without straw, would not have been comparable with the condition of America.

On April 6, 1917, Congress declared war on Germany. From that date it became our war. I have no sympathy or patience with the talk it was our war before that or that we should have been in it before then. [Applause.] There is nothing to such talk; but from the day this Congress declared war it was our war, and we had to fight it through if America trod the bloody roads alone, and it was to the interest of America that the allied forces continue fighting with us. The allied forces were sorely in need of financial assistance. The great Napoleon said it took three things to conduct a war—money, money, money. Our allies needed money to purchase war necessities, and Congress, in its wisdom, acting for the public good, made these loans to enable the Allies to purchase war munitions, food supplies, cotton, and other things essential to the conduct of the war, and these moneys were expended for that purpose.

After we got into the war we mobilized our man forces. Twenty millions of the youth of America were registered for military service. Four millions of them were mobilized. Two millions of them were sent overseas to face hell, and many of them died, reflecting honor and glory upon their country. My heart bleeds for those American homes with vacant chairs. [Applause.] When these boys went over they were pooled with the allied troops and were sent whithersoever the commanding officers thought they were most needed.

This money, gentlemen, that you are now considering was not loaned for private enterprise. It was not loaned for commercial profit. It was loaned to aid in the prosecution of this common war and was expended just as the United States expended for its own troops \$24,000,000,000.

I want you now to consider these facts in passing upon this bill. These loans are not political loans. They are legal loans. The sacredness of international obligations demands that they be paid to the full capacity of the nation to pay. [Applause.] Honor requires the nations to pay to their full capacity to pay just as honor requires you to pay to the full capacity any of your obligations. If you give me a promissory note, it is a legal obligation; but if you become insolvent, it is also legal for you to go into a bankrupt court and be discharged. If you have a debt against a debtor and he becomes insolvent, you as common-sense men, if you can not collect the last cent due on it, make a compromise and make the best settlement you can. That is what your Debt Commission has done in this case.

On the floor of this House more than a year ago I made the statement that I would not agree to any settlement of any of these foreign debts that did not in substance comply with the settlement we made with Great Britain. I made that statement and when I made it I thought all of the nations had the capacity to pay up to that settlement. I had had no opportunity to investigate their economic condition. These nations had refused to confer with the American commission, and I had no way of ascertaining the exact facts as to the conditions in these countries.

Since that statement was made negotiations have been entered into. I have been furnished detailed data as to the economic condition of these nations, and after an extensive study of it I am as certain of this as I am of anything in life—that Italy can not pay on the British basis; and I am never afraid to change my view on any public question when I am convinced a previously expressed one was wrong. [Applause.]

So much for the introduction. When the American commission was organized it immediately communicated with our foreign debtors, inviting them to come and meet us around the table to try and fund their indebtedness. Italy, France, and other nations refused to confer. They were constantly reminded by the Debt Commission through the State Department that America was insisting on their coming and settling and paying up to their capacity to pay. They would not come. Along in June of last year the Italian ambassador, accompanied by a special representative, Count Alberta, who is vice president of the credit association in Italy, called on Mr. Mellon as chairman of the Debt Funding Commission, and said that they were instructed by Premier Mussolini to take steps with a view to funding the indebtedness, and desired to know upon what terms the American commission would settle.

The chairman of the commission notified them that America expected each nation to pay to its full capacity to pay and that in no event would we settle on a basis that did not require payment in full of the principal of the sum loaned; that, if any nation's economical condition was such that they could not pay in full, that matter would be taken into consideration and reflected in the interest rate. These gentlemen were notified that the American commission desired full, complete, and accurate information and data as to the Italian economic condition.

They returned to Italy. The Italian Government through its fiscal agents, through its economists and statisticians, through its professors, through Italian sources—purely Italian sources—prepared Italy's case, setting up Italy's economic condition. That case was presented in these 23 pamphlets, and I have read them all. They anticipate nearly any question you may ask as to Italy's financial situation.

The Italian commission then came to America. Now, gentlemen, the American commission were not babes. The American commission were not imbeciles, the American commission would not accept unquestioned, unchallenged, uninvestigated Italy's representation as to her economic condition. While

Italy was preparing its case the United States, through its governmental instrumentalities, was also busy. The State Department, the Treasury Department, the Department of Commerce instituted on our behalf investigation as to Italy's economic condition. This data I hold in my hand is America's private, separate investigation as to Italy's economic condition to pay. All the agencies of the State Department, including the ambassador to Rome, the Treasury agents, all the Department of Commerce activities, investigated and furnished the results of their investigation to the commission and reports as to what they thought of Italy's economic condition.

When the Italian commission met—and I desire to say for them, that they impressed the American commission as honest, honorable, sincere statesmen—looking to a settlement of the debt, Count Volpi said that Italy recognized its indebtedness as a legal debt and Italy was grateful to us, and felt more grateful to the United States than it did to Great Britain for its loan, because Great Britain was instrumental in getting them into the war and we were not, and that they wanted to pay up to their capacity, but that their capacity was almost nil. Permit me to repeat, the Italian commission favorably impressed the American commission.

We sat around the board and began an investigation as to Italy's capacity to pay. We had with us our ambassador to Rome, Mr. Fletcher, and Mr. McLean, our commercial attaché in Italy, who had been there six years. These officials were called home to give the American commission information. One of the first things done was to appoint a subcommittee headed by Senator Smoot, and on which was the Hon. Edward Hurley, who, under the Wilson administration, was chairman of the Federal Trade Commission, president of our Shipping Board, and one of President Wilson's advisers in Paris when the treaty of Versailles was made, and that subcommittee, with statisticians and experts from the State, Treasury, and the Commerce Departments, met with a subcommittee of the Italian commission, and they went over in detail and checked the data as to Italy's economic condition as presented in these pamphlets, making out Italy's case. Italy prepared its case in these pamphlets just as a lawyer would prepare the plaintiff's case. This does not purport to be anything but Italy's case from Italian sources, but everyone of the American investigators, every one of the American Government experts that investigated stated that these documents truly, accurately, and completely set out the economic condition of Italy.

Now, what do these documents show? They show Italy's economic situation; and I am endeavoring to present this case to you as a lawyer would present a case to the jury.

I apprehend you do not want oratory or spread-eagle speeches. I apprehend you do not want prejudice or passion. I apprehend you want economic facts, and that is what I am going to give you.

What is Italy's economic capacity to-day as outlined and agreed upon by your American sources—and, gentlemen, those Americans who investigated the matter are just as patriotic Americans as I or you. They would not surrender America's rights. They are worthy of your confidence and respect, and what they say is worthy of credence. What do they show? First, they show that Italy has reduced the expense of her standing army below what it was in 1913, and Italy to-day is the only country of any importance that has done this. Italy has reduced the expense of her army 31 per cent, while France has increased the expense of her army 32 per cent, England 76 per cent, Belgium 170 per cent, and the United States 102 per cent. Italy has put into effect economies all along the line, and she starts with the one activity that takes the most money, viz, the army, and she has reduced it below what it was in 1913.

Italy has reduced the number of her civil employees and has reduced salaries. The highest judicial officer of Italy draws the munificent salary of \$1,500 a year. Italy has reduced work on public improvements. Italy alone of all the nations levied a 100 per cent excess war-profits tax. After the armistice Italy alone levied a capital tax ranging from 4 per cent to 50 per cent, payable over a period of 20 years.

Let us make a comparison as to the wealth of some of these nations. The national wealth of Italy is \$22,000,000,000, with a national income of \$4,000,000,000. The national wealth in the United States is \$350,000,000,000, with a national income of \$70,000,000,000. The national wealth of Great Britain is \$117,000,000,000, with a national income of \$19,000,000,000. The national wealth of France is fifty-one billions, with a national income of seven and a quarter billions and of Belgium eleven billion, with a national income of one and three-quarter billion.

Italy owes to her own people approximately \$7,000,000,000. Italy owes a foreign debt to the United States and Great Britain of four and a half billion dollars. Italy before the war by taxation collected two and a half billion lire. Italy now collects, or did collect in 1925, 20,000,000,000 lire, the equivalent of about \$800,000,000. Italy consumed in the war over \$12,000,000,000, \$4,000,000,000 of it being borrowed and the other raised by taxation and through the sale of her bonds and securities to her own people, just as we sold bonds and securities to our people to aid in the prosecution of the war.

Under the Italian income tax law a married man is allowed the great sum of \$40 a year as an exemption before he has to pay an income tax. Under our present law in America a married man is allowed \$2,500 exemption and \$400 for each child under 18 years of age. In Italy a married man is given an exemption of \$40. If Italy had the same tax exemption that the United States has, Italy would lose 90 per cent of all of the money she receives from income taxes. In Italy there are only 20 taxpayers enjoying incomes ranging from \$60,000 to \$100,000, while in the United States there are 25,677 persons who are returning taxes on incomes between \$40,000 and \$100,000, and there are 5,694 persons returning income taxes on incomes ranging from \$100,000 to over \$5,000,000. Let me give a comparison of the amount the Italians pay on specific incomes, compared to other nations:

Income	Income taxes				
	Italy	Belgium	France	England	United States
\$1,000.....	\$189.21	\$20.15	\$48.99	0	0
\$2,000.....	392.18	107.70	174.55	\$67.50	0
\$3,000.....	599.30	238.45	348.00	202.50	\$7.50
\$4,000.....	812.18	413.35	569.40	382.50	22.50
\$5,000.....	1,025.06	619.90	838.75	787.50	37.50

Italy's taxes, taking into consideration her national income, allowing this \$40 exemption, takes 38 per cent of the national income. That is what the Italian taxpayers pay, and with all of these drastic taxes Italy has just last year been able to approximately balance her budget. There is a small surplus that amounts to nothing, you might say, although she has been able to balance her budget.

Italy lost in the war 652,000 men, and she had 438,000 wounded. The Italian people to-day have to pay taxes to take care of those buddies with pensions, just as the American Government expends a half billion dollars a year for our wounded heroes. The war damage to Italy amounted approximately to over \$900,000,000—between that and a billion dollars—that loss being the destruction of ships and damage to property and cities. Italy as a result of the war obtained no colonies. Italy did get a small strip of territory from Austria. She has the ports of Fiume, Trieste, and Brunn Pass, but those acquisitions did not add much to the productive income of Italy or its national wealth. They were largely sentimental and amounted much to her from that standpoint. However, since the World War the geography of Europe has been changed, and those ports are of very greatly reduced commercial importance.

Italy has no raw materials except silk. Italy's total coal reserve is estimated at 200,000,000 tons, less than is mined in this country in any one year. Italy's reserve of iron is estimated at 40,000 tons, less than the United States consumes in one year. Italy has practically no coal, has no oil, no copper. She has a sterile soil, a lot of it mountainous, and that which is cultivated is so poor that it produces small crops. She can not raise sufficient foodstuffs to feed her people. She has to import approximately half of what the Italians eat. Italy is one of the best purchasers of America. Speaking to my own colleagues from the South, Italy is one of your best cotton purchasers. Before the war Italy bought \$125,000,000 worth of cotton, more than the value of the entire cotton crop of Georgia, and we raised 1,200,000 bales. Italy's financial situation is such that she can not buy the cotton, the wheat, the meats, the cereals that she sorely needs and that poverty prevents her from buying.

Do you know that the Italian food consumption per day is made up of less calories than any other nation, and those calories are obtained from the grossest and cheapest of fats? Why? Surely not from choice, but from the stern necessity of poverty. Italy last year imported over \$200,000,000 from the United States; \$72,000,000 of it was cotton, and about \$60,000,000 was wheat, cereals, and meats. She imported much of her coal, oil, and copper from the United States, and if Italy's economic condition is stabilized and she can get settled she

will buy infinitely more from America than she is now able to buy. This Congress is filled with bills seeking agricultural relief, all kinds of artificial means, price-fixing schemes, and schemes of every character, because we all know American agriculture languishes. We want to help agriculture. Personally I do not believe those bills will do it. What agriculture needs—and it needs it badly—is an enlarged market for its surplus products. [Applause.]

How are you going to get an enlarged market? Through Europe, but how is Europe going to be able to buy? Settle these old war debts and let our European debtors know definitely, certainly, how much they are to pay each year and their economic condition will be stabilized. The citizens will receive more income. They will crave our surplus American products, they will buy them here, the agriculturalists of America will have their market enlarged, and when they get an enlarged market to dispose of that surplus they will get a better price for those commodities that are sold at home. Nothing this Congress can do, in my judgment, will mean as much for American agriculture as to enlarge the market, and the only way to do it is to aid the stabilization and rehabilitation of Europe.

Italy has only two resources that amount to anything. The only raw material she has is some silk, but her two assets are hydroelectric water power and cheap labor. Italy can not take advantage of those two unless she has capital to develop her water power and enlarge her industrial activity. But if that industrial activity is enlarged then more remunerative employment can be given to the Italian people. And look here, gentlemen. If Italy enlarges her manufacturing productivity Italy must buy practically all her raw materials from the United States. She has not the raw materials to do this. She must purchase her raw material, and if she buys more raw material your market enlarges. That is sound; that can not be disputed; it is a sound economic, unanswerable proposition. In Italy the standard of living is lower than in any other great nation, and the Italian commission said it was lower than that of the poorest, humblest class of citizens in the United States. That is not from choice, it is from stern necessity. "Pity 'tis, 'tis true," but that is the fact. Italy's trade balance last year, in 1925, had a deficit of \$274,000,000. She had to import into Italy \$274,000,000 of goods more than she exported. Now, Italy cited three laws of the United States as affecting her capacity to pay. Italy did not question the inalienable right of the United States to enact those laws. She did not whimper and complain or refer to them in a complaining way. She cited them as an economic proposition as affecting her economic condition and her ability to pay, and there can be no question in the mind of any sensible man but what all three of those laws do affect her capacity to pay. One, she says, is the prohibition law, which stops her from sending into and selling in the United States her wines and liquors. She cites the protective tariff law with the high rates which prevent her from shipping her commerce into the United States in any great quantities.

To give you an illustration of the truth of that, one of the great products of southern Italy is lemons, and under the present tariff law the rate on lemons ranges from 90 to 99 per cent. Now, Italy sets that up as a matter interfering with her capacity to pay as a method of transferring credit. She can not sell us her surplus products. Personally I think the tariff law too high and would like to see it reduced, but under the present administration, who differ with me in this as an economic problem, there is no possibility of its being done.

The third law Italy sets up is our immigration law. She says our immigration law stops her citizens from coming here and she is deprived of a revenue on that account of from \$150,000,000 to \$200,000,000 a year. Gentlemen, to me that is a splendid argument for our law, for I think our money should be kept at home for American enterprise. [Applause.] As far as I am personally concerned, I am a strict restrictionist. I voted for every immigration restriction, and before this law was passed I introduced in the Congress a bill suspending all immigration for 10 years and made a speech on the floor advocating it. But there is no question but that it does affect Italy's economic condition and her capacity to pay.

Personally, if it came to a choice, I would rather cancel the whole debt than to have indiscriminate immigration to America. [Applause.] For I think that the greatest evil that America could have is indiscriminate immigration. But do you not agree that this law affected her capacity to pay? Italy set up that she not only lost these remittances home but she sustained another loss on account of it. Many of the Italian people are agriculturalists. Many of them have now gone into Austria and the Balkan States, and they had to sell their little holdings in

Italy when they moved over to these other countries, taking their families with them. They had to sell their holdings in Italy in order to get capital in their new homes, and Italy therefore lost not only the investments made in the new homes but lost the capital which Italians took out of Italy.

Gentlemen, in settling this debt you must take into account that Italy not only owes to the United States \$2,000,000,000 but she owes to Great Britain \$2,500,000,000. Italy's foreign indebtedness totals \$4,500,000,000, equal in amount to the foreign indebtedness of Great Britain with her vast resources, her vast colonies, and her rubber monopoly. Do you believe Italy can pay on the same basis with Great Britain? To ask the question is to answer it. No; it can not be done, and there is no use fooling yourself. I may try to fool the other man, but I never try to fool myself.

Gentlemen, as surely as we are here, unless Italy's capacity to pay improves she can not and she will not pay all the amount she has obligated herself to pay, even in this settlement which you are called upon to ratify. You might just as well accept that as a truth, because it is the truth.

The hope of the American commission was that if these debts could be settled and Italy could rehabilitate herself and her manufacturing be developed she would be able to meet these payments. Italy is looking for a market for her commercial activities—not the United States, on account of the tariff, but Austria and the Balkan States and the states around her. That is a hope frankly stated by this Italian delegation.

Italy's population is about 40,000,000, and it is constantly increasing because of restrictive immigration laws throughout the United States and other nations, and it is doubtful if Italy's economic condition can develop as fast as the necessities of the people develop requiring food to sustain them.

Now, Secretary Mellon, who, no matter what this House may think of him, in the eyes of the people of the United States and the world, is considered a great financier [applause] and familiar with international banking, in his hearing before the committee said (you will find it on page 6):

There are three principal factors in the finances of any country which furnish indices by which a comparison of the weight of a new fiscal burden can be measured. These are the total budget, representing what all instrumentalities of government collect from the people; the total foreign trade, which has a bearing on the capacity to transfer payments abroad; and the total national income, which is the ultimate source of a country's capacity to pay. If we apply these indices to the three settlements we obtain the following comparison: The British-American settlement calls for an annual average payment equivalent to 4.6 per cent of the total British budget expenditures; the Belgian settlement 3.5 per cent, and the Italian settlement to America alone 5.17 per cent, and to America and Great Britain 11.47 per cent of Italy's total budget expenditures. The British settlement calls for an annual average charge corresponding to 1.9 per cent of the total British foreign trade. This figure is 0.88 per cent with Belgium. Italy's average payment to the United States is 2.87 per cent of its total foreign trade, and the combined payments to the United States and England 6.32 per cent of its total foreign trade. Great Britain's average annuity represents 0.94 per cent of its national income; Belgium's 0.80 per cent; Italy to the United States alone 0.97 per cent, and to the United States and Great Britain 2.17 per cent of its total national income. If we averaged the three indices, the comparative Italian burden of war debts would be represented by 6.72, the British 2.4, and the Belgian by 1.75. If instead of using the average annual annuity we should compare the present value of the settlements with the sum of these three indices—the total budget, the total foreign trade, and total national income for a year of each of the countries—the burden of the British settlement represents 11.7 per cent of this sum, the Belgian settlement 7 per cent, and the Italian war debts to the United States and England combined 19.8 per cent. Suppose that America had to assume a burden comparable to the burden of war debts upon Italy based upon the above indices, the present value of this burden would be over \$15,000,000,000, or three-fourths of our present public debt, and if we were to pay this war debt on the same scale as in the Italian agreement, after five years we would be paying an annuity of over \$400,000,000, after 30 years of over a billion dollars, and by the end of the period of considerably over two billion a year. Consideration must be given in these comparisons to the income and standard of living in Italy, which are lower than in either England or Belgium and very much lower than in the United States, and which, therefore, would make the same burden relatively higher in Italy than in other countries.

Secretary Mellon said that, based on the national income, if America had to assume a burden similar to that borne by Italy under this settlement it would add to the United States's burden \$1,400,000,000, adding nearly half again to the taxes

now collected from the American people; and he said the settlement would aggregate \$15,000,000,000, practically three-fourths of the entire indebtedness of the United States.

Gentlemen, there are but four ways to transfer credits from one nation to another. One is by the shipment of gold. Italy has no gold. Another is by the sale of foreign securities. Italy's foreign securities were sold during the war. She has none. The third is exchange of goods. I have explained how Italy is situated relative to her foreign commerce. The fourth is by personal services. Italy receives what comes within the category of personal services when she receives remittances from the immigrants, and Italy receives something on account of her service in carrying goods in her ships from one nation to another.

Now, that is Italy's economic situation. That is the true, correct analysis of Italy's economic situation. When the American commission became convinced of that, what did it do? As practical, common-sense, hard-headed Americans, they knew Italy could not pay in full, and they sat down to get the best compromise they could get. The Italian delegation made us an offer. The present value of that offer—and that seems to be the way some of our friends are considering these debts—was \$371,000,000. The American commission said: "We will not accept it." We had negotiations lasting many days. We were in session about 14 days. The American commission as the result of its study and investigation made the Italians an offer of settlement of a present value of \$606,000,000.

The Italians threw up their hands. They said they could not reach that; that it was impossible; that there would be a revolution in Italy if the Italians were told they had to pay those colossal sums. We continued to negotiate, both sides anxious to reach an agreement. After days and days of conference, the American commission had a private meeting. We agreed among ourselves that we would make a certain offer, and that was to be an ultimatum. A subcommittee of the American commission negotiated with the subcommittee of the Italian delegation for a settlement, and the American subcommittee was composed of Secretary Mellon, Secretary Hoover, Senator Smoot, and myself.

When we had agreed among ourselves that the limit had been reached we went to see the President. The President of the United States has the confidence of the American people. [Applause.] The President of the United States would not sacrifice America's rights, and the people of the United States understand President Coolidge to be a very thrifty, economical man, and a man who wants to collect all he can of any of these foreign debts. We went to see the President and outlined the situation to him. We were with him for probably an hour and a half, and the President said he agreed that this was the best we could do; he approved our course in making this offer and agreed with us that if they did not accept it we should end the matter. We went back and met the Italian commission the next day. We submitted the proposition to them which is the basis of this settlement and which you are now asked to ratify. We told the Italian delegation, "Gentlemen, accept this or the matter is ended. This is our ultimatum; we will not go any lower."

The Italian commission asked for an adjournment. We adjourned to meet the next day. They came in and asked us to make certain changes in our ultimatum, to give them certain other rights to postpone payments, but we said: "No; this is the ultimatum; accept it or negotiations end." They accepted, and that is the way this agreement was made.

As, however, before stated, the present cash value of the first Italian offer was \$371,000,000. The offer we were able to get them to agree to has a present cash value of \$538,000,000. Therefore, the American commission was able to get the Italian commission to increase their first offer 60 per cent.

When the agreement was made I suggested to Count Volpi that I hoped Italy would pay at once the first year's payment under the agreement, for I was cold-blooded enough to want to get some cash. There has not been a cent paid on that debt since 1919. To my very great delight the Italian commission paid in cash \$199,000 to reduce the amount to, even millions, so the debt could be funded more easily; and before leaving the United States they deposited with the United States Treasury Department \$5,000,000 of United States bonds, which is the first year's payment. Those bonds, purchased with money subsequently borrowed in New York worth \$5,000,000, are to become the property of the United States as soon as Congress ratifies this agreement, for the Italian Government has already ratified it.

If this settlement is approved, you then receive on your account \$5,199,000, and you have never received a cent on it since it was loaned.

Now, gentlemen, what is the amount involved? I hate to speak so long, but I want to give you the facts. We loaned Italy during the war \$1,030,000,000; we loaned her after the war \$616,000,000, making a total of \$1,646,000,000. Every cent of that money, except \$80,000,000, was spent in the United States for war supplies, food, cotton, and other essentials to the prosecution of the war. Under the terms of the agreement the United States received back every cent of its principal, \$1,600,000,000. The United States not only receives back all of this principal, but during the period she receives back \$759,000,000 as interest.

In making this settlement we computed interest on the \$1,600,000,000 to the date of the settlement at the rates of interest of $4\frac{1}{4}$ per cent and 3 per cent, just exactly as interest was figured on the British debt. In the new principal which is funded there is \$394,000,000 of interest added, which was figured at the rate of $4\frac{1}{4}$ and 3 per cent. So the new principal that is funded is \$2,000,000,000, \$394,000,000 of it being interest, and we will get compound interest on the \$394,000,000 that is added into it.

Below is a detailed statement of how this money was expended.

The Treasury has submitted the following classification of expenditures made by Italy out of cash advances by the United States:

Munitions	\$259,124,489.57
Exchange and cotton purchases	87,547,642.06
Cereals	41,792,128.00
Other foods	141,424,976.01
Other supplies, war	63,490,585.28
Transportation supplies	99,953,043.71
Shipping	823,125.00
Reimbursements (debts in United States for war material)	800,701,207.17
Interest	57,628,852.62
Relief	16,000,000.00
Purchases from neutrals	18,718,579.42
Special credit against credits to be established for United States Government war purchases in Italy	25,000,000.00
Miscellaneous	56,368,541.90
Total reported expenditures	1,668,573,171.64
Less dollar payments by United States Government for foreign currencies	14,425,092.25
Net expenditures	1,654,148,079.39

Now, the great difficulty of Italy is her present condition. We had to provide for low payments for the first few years, although not from choice. We would have preferred to have the big payments during the first years, just as my friend from Tennessee [Mr. HULL] wants. But, gentlemen, you could not get it. It takes two to make an agreement. Italy could not pay. Italy would not pay. Therefore, we agreed that for the first five years there should be payments of \$5,000,000 a year without interest; and after that, during successive 10-year periods, at rates of one-eighth of 1 per cent, one-fourth of 1 per cent, one-half of 1 per cent, three-fourths of 1 per cent, 1 per cent, and then during the last seven years 2 per cent. Of course, those are low rates of interest. Nobody questions that, but which of you as a lawyer has not settled a claim against a corporation or an individual at 50 cents on the dollar or less of the principal with no interest at all? You were lucky to get your principal, and the United States will be lucky to get the payments agreed to under this settlement, but if you will take into consideration, gentlemen, the interest that is included in the new principal, \$394,000,000; and the interest that will accumulate during the remaining period at these low rates of one-eighth, one-fourth, and so forth, you will find that the United States receives back its principal and an average rate of interest on it of eighty-three one-hundredths of 1 per cent, or nearly 1 per cent interest on the whole amount during the whole time, which aggregates \$759,000,000 of interest which you will receive on the indebtedness. This calculation was made at my request and for me by the Actuary of the Treasury Department.

The CHAIRMAN. The time of the gentleman from Georgia has expired.

Mr. GREEN of Iowa. I yield the gentleman 30 minutes additional.

I will say to the Chairman that I may have made a wrong announcement. I did not intend to limit the gentleman from Georgia as to time.

The CHAIRMAN. The Chair will state that under the rules of the House the gentleman from Iowa could not have yielded the gentleman from Georgia more than one hour, and it is the duty of the Chair to call his attention to the fact that his time

has expired. The gentleman from Iowa has yielded him an additional half hour, and the gentleman is recognized for an additional 30 minutes.

Mr. CRISP. Now, gentlemen, these rates of interest are not all that America will have received out of this loan. If you want to put it on a cold-blooded, strict commercial basis, all of this money but \$80,000,000 was spent in the United States. During that time the United States had an income tax, normal and surtax, amounting to 77 per cent, and had an excess war-profits tax of 80 per cent. All of the American enterprises which made money out of these sales to Italy had to pay the United States income and excess-profits taxes and the United States reaped a benefit from that source, millions in additional taxes.

Now, I have about presented the case of the American commission. I have presented to you the facts which induced the American commission to make this settlement. I have not dealt in rhetoric; I have not dealt in theories, and I have not dealt in prejudice or passion, but I have given you the economic facts.

Now, let us see what the opposition is going to be. Let me say at the outset, my colleagues, that I have no criticism to make of any Member of this House who differs with me. I am not intolerant of my opinion. I accord to each Member of this House sincerity of purpose. I believe the Members will vote according to their judgment, and I have no criticism of them. They have the same right to their views that I have to mine, but talking to those of you who have no fixed opinion, those of you who are going to listen to the argument as a jury would and then arrive at a conclusion, let me appeal to you to use your judgment, to use your common sense, and not be led astray with political speeches, with myths, with theories, with passion, with prejudices, and with ghosts and hobgoblins.

Pass on the case according to the facts of the case, and may I ask you to apply this test: Look at the matter as you would your own individual debt, especially if you were adjusting a claim against an insolvent debtor. Can you better represent those great, splendid people who send you here as their Congressmen, and is there any better test you can apply in attending to their business than the test you would apply in looking after your own business? If you apply that test you can come to but one conclusion, that this is the best settlement that could have been made.

Now, some of my good friends will say we are surrendering the rights of the American taxpayers; that the American taxpayers are paying 4½ per cent and this settlement surrenders to the Europeans these many billions of dollars paid by American taxpayers.

That sounds good. If I, perhaps, considered alone my political welfare it would be easier for me to get up here and make that kind of a speech. I take life and my position seriously. My good people do not send me any specific plebiscite vote or mandate as to how I shall vote on public questions. My constituency sends me here as its representative, believing I have the sense and the courage to do what I think is best for them. I did not ask my people to tell me specifically how to vote on the war; I did not ask them to tell me how to vote when these loans were made; I did not ask them to tell me how to vote when \$2,000,000,000 was loaned the railroads; I did not ask them to tell me how to vote when \$1,000,000,000 was voted for a soldiers' bonus; neither did you. Then why, in the name of all the gods at once, must you have specific instructions before you can make this settlement on a lower basis of interest because your people have not instructed you to do it? I do not have to; I will tell you that. I am sent here to represent them. I shall vote according to what I think best for my people, to whom I am profoundly grateful for their confidence and many kindnesses shown me. I am devoted to their interests.

The gentleman from Tennessee [Mr. HULL], for whom I have the highest admiration and who is an ornament to this House, has printed in the report certain individual views of his. He says that the American commission ought to have settled this indebtedness probably on a 50 or 60 per cent basis and then waited to see what the condition of Italy would be in arriving at the rate of interest. When my friend Judge HULL admits a settlement of 50 or 60 per cent should be made he admits the insolvency of Italy. He admits Italy is unable to pay on the basis of the British settlement. Nobody can question that. If that is true, then who is in the better position to know what amount this insolvent debtor can pay, Judge HULL, with all his ability, or the American Debt Funding Commission, a bipartisan commission, who sat with the delegation from Italy, who studied the data, who had all of the instrumentalities and agencies of the Federal Government to assist them in arriving at last by unanimous agreement at what amount Italy could

pay? Who is better able to know? The American commission unanimously agreed that this settlement was the maximum of Italy's capacity to pay.

I desire to call attention to another statement of my friend Judge HULL. Judge HULL said that the national wealth of Italy was from \$35,000,000,000 to \$40,000,000,000. The United States Government agencies and the Italian commission agree that Italy's national wealth is \$22,000,000,000 instead of from \$35,000,000,000 to \$40,000,000,000. If Judge HULL made his statement of settling on the basis of 50 per cent or 60 per cent based on the national wealth of Italy being thirty-five or forty billions of dollars, and was wrong as to that, then, following the logic of his statement, he should approve this settlement at a lower amount. Is not that sound?

My friend Judge HULL favored postponing the settlement. Gentlemen, the Italian commission would not agree to any funding of the principal and waiting for the interest. If that had been done, we would have been in no better fix than we are now. We have got an obligation for the full amount, \$2,000,000,000, drawing 5 per cent interest, which every sane man agrees they can not pay at once.

Let me tell you what uncertainty does. The Allies levied colossal sums in gold marks on Germany. It was not detailed as to how these payments should be made, but a great, big, colossal sum against Germany was levied, and what was the result? Germany paid nothing. There was a debacle in Germany, the mark went to nothing and the printing presses were run day and night printing paper marks and it would take a cotton basketful of them to hold enough of them to make 5 cents in our money. That was the situation. The Dawes commission met. They scaled the amount of reparations that Germany was to pay. They fixed definite, certain, complete annuities that Germany must pay, and when that was agreed to, what happened? Germany went to work. Conditions of the country became stabilized, Germany's commerce developed and Germany has been able to meet those specific, definite payments under the Dawes agreement to the Allies, and she has met them. Germany has begun to buy more of our produce; and, again addressing myself specifically to my own colleagues from the South, in 1923, after stabilizing conditions in Germany, Germany bought from the United States \$149,000,000 worth of cotton; in 1924 she bought \$223,000,000 worth of cotton; and in 1925 she bought \$231,000,000 worth of cotton. If this loan is approved and conditions in Italy are stabilized, Italy will buy more of our cotton. She bought \$125,000,000 worth annually before the war and last year she bought \$72,000,000 worth. If you will help her get on her feet, you will be helping your own farmers, the cotton growers, and you will be helping your farmers, the wheat and hog and cattle raisers of the West, because the crying need to-day of agriculture is enlarged markets.

I want to say again that it is impossible to get these indefinite postponements. The nations would not agree to it. We tried to get France to agree to that. France refused, Italy refused, and they both said they must have a definite, complete agreement to be of any assistance to them, and they would not agree to any temporary subterfuge. The American commission offered to allow France to postpone the settlement for five years and to pay only 1 per cent interest during that five years on an indebtedness of \$4,000,000,000, the 1 per cent to be in lieu of 5 per cent, for which their obligation calls, in order to wait to see what her economic condition would be. France refused that offer, and day before yesterday in the Washington Post Mr. Caillaux, who was the chairman of the French delegation over here, is quoted as saying that all of these international debts will have to be—not compromised, but canceled; that there can be no stability in Europe until these international debts are wiped clean off the slate, and he says England, with her generosity, is willing to do it and America will have to come to it. Below is his statement in full:

MUST ERASE ALLIED DEBT, SAYS CAILLAUX—NO ECONOMIC STABILITY, HE WRITES, UNTIL SPONGE IS DRAWN ACROSS SLATE

LONDON, January 10.—Writing on the financial situation in France in the new monthly publication, *The Banker*, Joseph Caillaux, former French Finance Minister, declared France will not be able to accomplish an effective monetary reform until a solution is found for the problem of the allied debts.

"I say most positively," he continues, "that there will be no economic stability in the world so long as there remains a network of debts obliging nations to make transfers to other nations."

"Only one formula can be allowed to live: Let the sponge be drawn across the slate on which our mutual obligations are inscribed."

"Great Britain is faithful to her tradition of generosity. I am certain a change in the psychological attitude of the French will occur and that the psychology of America will change also."

Now, that is the Frenchman who was the head of the French commission that came over here to confer with us.

Ah, gentlemen, this is the best settlement you can get, and if you do not approve this you will not get any other settlement, for I have not the slightest doubt but that Italy will not send any other commission over here.

Italy can say: "We sent a commission; it convinced the American commission as to our ability to pay, the American commission agreed to it, but Congress kicked it out. We have done our duty, all that an honorable nation can be expected to do, and therefore we will not do anything more." Moreover, the great leverage is gone. The American Government took the position with private bankers that the Government would not approve of any private loan paid to any foreign nation or their nationals until that nation had funded its indebtedness. Gentlemen, that is the magnet that brought these visiting debt commissions to the United States for the purpose of settling. That magnet is no longer drawing Italy. Italy can say she came, she saw, and shall I say she conquered? She has obtained a loan from private bankers of \$100,000,000, and Italy stated that she obtained that loan for the purpose of paying some private loans here and for the purpose of keeping it as a gold reserve for the purpose of Italy's going onto a gold basis.

Now, some will say why should we settle this debt at a low rate of interest and Italy pay private bankers 7 or 8 per cent. Gentlemen, you are men of common sense; you are men of intelligence; do you not know that any nation in peace time that will pay 7 or 8 per cent interest is a bankrupt nation? No nation with funds or good credit will pay any such rates of interest. It is no concern of the American Government what the Italian Government does with private bankers; we are not indorsers; we are not responsible for them. I say to you as an American Congressman, knowing Italy's condition as I do, I would not to-day vote to loan Italy any money out of the Treasury at a rate of 25 per cent. I would not vote to lend them at any rate, and that was not what your commission had to handle. It was not a question of a new loan; it was a question of making the best settlement we could on an old loan, seven years past due, with no payments on it. We were trying to get the best settlement we could on that long past due, insolvent note. We did what you would have done as a lawyer representing a client—we got the best settlement we could.

As to the international bankers, they get a commission probably out of floating the loan. They will sell the bonds of Italy to the investing public. The banker will get his money back, and the investor who gets the bonds in my judgment will find it "a long way to Tipperary" before he gets his. [Laughter and applause.] Now, some friend may say, What is the alternative? I do not see any. Gentlemen, there are but three ways to force collections of international obligations. One is by public sentiment making the government pay, other is by voluntary payment, and the third by arbitrament of arms—by declaring war. The sentiment in Italy is against paying this debt, and the sentiment of all these debtor nations is against paying the debt. They are urging cancellation. So no public sentiment would force Italy to come again. Italy has voluntarily agreed to make these payments which she honorably says she owes, and she says these payments are to her full capacity to pay, and I agree with her they are. I think she has done all she honorably can do. What is the alternative? Declare war? God forbid!

There is no court that you can go into and get a judgment to levy, as you can on a private claim. Gentlemen, use your common sense. Get the best you can. It is this or nothing. Do you prefer half a loaf to no loaf of bread? That is the issue you are to pass upon. England can not complain. When the settlement was made with England she wanted the insertion in the agreement of a favored-nation clause—that if we made an agreement with any other nation she was to have the benefit of it—but the commission refused to agree to it. Therefore there is no basis of complaint on the part of England.

England in addition to that has a larger debt against Italy than we have, and this settlement with us goes a long way to enable Italy to settle with England.

Now, gentlemen, a creditor can make a settlement with a debtor on whatever terms he pleases, but the debtor can not do that. The debtor has got to treat all creditors alike, or at least offer to all creditors as good a settlement. If that is not done, if he goes to showing preferences, bankruptcy will be his fate. Italy is bound to offer England a settlement on at least as favorable terms as ours, and the Italian commission frankly told us that they were going to do it.

Now, gentlemen, you will be edified probably by my distinguished friend from Illinois [Mr. RAINY] if he pursues the

same line of argument that he did in the committee by discussing how the English statesmen overreached the poor American Debt Funding Commission when the British settlement was made. I feel quite free to discuss the commission as constituted at that time, for I was not on it. The commission was made up of Mr. Hughes, Mr. Mellon, Mr. Hoover, Mr. Smoot, and Mr. BURTON. The personnel of that commission will compare favorably with the personnel of any commission that you can get in the United States. [Applause.] And I think in intelligence, in knowledge of world events, in Americanism, in patriotism, it will compare favorably with the gentleman from Illinois [Mr. RAINY]. My friend may have much to say about this commission letting England make this settlement and not having foreseen England's rubber monopoly. Able as the commission is, I do not think the personnel of it were endowed with prophetic insight; but, gentlemen, that is all water that has gone over the wheel. The settlement was made three or four years ago. Great Britain has paid nearly \$400,000,000 upon it. Great Britain is a great nation and I have the greatest admiration and respect for her. She came promptly and funded her indebtedness, and she has met every payment, and she came without coercion. [Applause.] She did not come to get loans, she came because she said, "I honestly and honorably owe you this money, and I am going to settle on the best terms that I can." But England did not pay 100 per cent on the dollar, principal and interest. Her debt was also scaled according to her capacity to pay, just as Italy's debt is scaled according to her capacity to pay.

My friend from Illinois [Mr. RAINY]—and he is my friend—may have much to say about the tyranny of the Premier of Italy, Mr. Mussolini, and about how he persecutes the Masons. I am a Mason and have been one for thirty-odd years, but I have never understood my Masonry to dictate that I should interfere in political matters as a Mason or that the Masonic lodge should interfere in political matters or engage in international state affairs [applause], matters that might draw our country into war. I do not approve of tyranny. I love liberty as much as does the gentleman from Illinois. I believe in a government of justice to all of its citizens. If the Italian Government is tyrannical, if the Italian Government persecutes the Italian citizens, I regret it, but that is a matter for those good Italians living over in Italy. I would resent with the last drop of blood in my veins England, Italy, France, or any other nation coming over here and undertaking to state to America the kind of government America should have or who should be the American officials. That is a matter for each great nation to decide for itself. You may hear much of the use of the private loan obtained in New York to rebuild ancient Rome, to restore the Coliseum, and for the adornment and beautifying of Rome; you may be edified by the boasts of Premier Mussolini as to the marvelous history of Rome and the valor, courage, and heroism of the Italians. Which one of us has not during his political career made speeches, boasting of the prowess of the Americans and the wonderful glory of our own beloved land? Do not be frightened with these spooks and hobgoblins when they parade the halls. Their object is to frighten you just as little infants are frightened by tales of ghosts. So far as logic is concerned, so far as legitimate objection to this settlement is concerned, these extraneous matters are just as harmless as the ghosts.

Gentlemen, I have concluded. I thank you for your wonderful kindness in sitting here and listening to me for an hour and a half. I have no more interest in this matter than you have. I do not suppose there are 100 foreign votes in my district. If there is a single Italian voter in my district, I do not know it. My district is all-American, white or black. I have taken this position not to curry favor with any of my constituents who may have a leaning to a fatherland, to some old country across the sea. I have taken it because part of the responsibility is upon me. I have met that responsibility as best my poor limitations and ability will permit. I believe as firmly as I believe anything that this settlement is to the interest of my constituents in giving them a larger market for their surplus agricultural products. I believe it is to the interest of my country, and I believe it is to the interest of humanity. Therefore, I shall vote for it. [Applause.]

Under the general leave granted me to extend my remarks I am attaching hereto a copy of a report I had the honor to prepare for the Ways and Means Committee recommending ratification of this settlement, and also a statement from Secretary of the Treasury Mellon dealing with the entire foreign indebtedness to us growing out of the War with Germany:

Mr. CRISP, from the Committee on Ways and Means, submitted the following report to accompany H. R. 6773:

The Committee on Ways and Means, to which was referred the bill (H. R. 6773) to authorize the settlement of the indebtedness of the Kingdom of Italy to the Government of the United States of America, having had the same under consideration, reports it back to the House without amendment, with the recommendation that the bill be passed.

The World War Foreign Debt Commission negotiated a settlement with the Italian Debt Commission. The President has approved the agreement and has urged Congress to ratify same. The agreement has been reduced to writing and signed by the Secretary of the Treasury as chairman of the American Commission and by Giuseppe Volpi di Misurata of the Italian Debt Commission. The agreement is subject to the approval of Congress. The Kingdom of Italy has already ratified and approved the agreement; so, if Congress approves it, the settlement is binding and complete in all details.

The Government of Italy has left in escrow with the Treasury Department of the United States \$5,000,000 of bonds of the United States issued after April 16, 1917, these bonds to become the absolute property of the United States upon the ratification by Congress of this agreement. These bonds are to constitute the first year's payment due the United States by Italy under the terms of the agreement. This will be the only amount of credit received on the entire amount of the indebtedness of Italy to the United States since the loans were made, except \$199,466.34 paid in cash upon the signing of this agreement.

Shortly after its creation by Congress the World War Foreign Debt Commission invited the Kingdom of Italy and the other debtor nations of the United States to send representatives to Washington with a view to funding their indebtedness. During the last several years Italy has been frequently reminded by the debt commission and through diplomatic channels that the Government of the United States insisted on her indebtedness being paid or funded. Not until early summer of 1925 did the Kingdom of Italy take steps to fund its indebtedness. About the 1st of June, 1925, the Italian ambassador to the United States and Mr. Alberta, vice president of the Credito Italiano and a special representative of the Italian Government, conferred with the Secretary of the Treasury as chairman of the World War Foreign Debt Commission and stated to him that the Italian Government desired to enter into negotiations with a view to funding its indebtedness to the United States. They inquired what would be the United States basis of a settlement and were informed that this basis would be Italy's full capacity to pay. The chairman of the American commission advised the Italian ambassador and Mr. Alberta that the American commission desired full, accurate, and complete information as to every phase of Italy's economic condition. The ambassador and Mr. Alberta returned to Italy and conveyed this information to the Italian Government. The Italian Government had its financiers, Government experts, and economists to prepare data as to the economic condition of Italy. This data was prepared in 23 pamphlets, all prepared under the direction of the Italian Government and only purporting to be so prepared. The pamphlets are the representation of the Italian Debt Commission as to the economic situation in Italy, and it is contended that they truly reflect Italy's capacity to pay. In other words, these pamphlets represent Italy's side of the case as to her inability to pay in full her indebtedness to the United States, owing to her economic condition. The American commission was furnished copies of these pamphlets. The American commission did not accept unquestioned this data. Before the pamphlets were prepared the American Government instituted investigations of its own through the United States State, Treasury, and Commerce Departments. The result of the Italian studies was checked and compared with studies prepared by American experts and economists for the use of the commission. These included memoranda of the statistical section of the United States Treasury Department, a report by Mr. Hoover and the Department of Commerce, a report of the Institute of Economics of Washington prepared by Doctors McGuire and Moulton, a report prepared by the Bankers' Trust Co. under the supervision of Mr. F. D. Kent, various documents and material submitted from time to time by the American Embassy at Rome, and memoranda prepared by the economic adviser of the United States State Department.

The American ambassador at Rome and the commercial attaché at Rome were in Washington during the negotiations and were frequently consulted by the American Debt Commission. A subcommittee of the American commission headed by Senator SMOOT and including Hon. Edward Hurley, a prominent Chicago business man and former chairman of the United States Federal Trade Commission and of the United States Shipping Board, with experts from the State, Treasury, and Commerce Departments, met with a subcommittee of the Italian commission and their experts and critically examined the facts and conclusions presented in the Italian documentation. The economic and financial situation in Italy was very thoroughly examined and considered in making the settlement. The result of the independent American investigation and this check by American experts coincided with the facts presented in the Italian documentation, and it was agreed by all of the American investigators

that the facts as presented by Italy truly, accurately, and correctly reflected Italy's economic situation and her capacity to pay.

Italy's economic situation is in substance as follows:

The expense of her army has been reduced below the cost of 1913, and Italy is the only nation of consequence whose military expenditures to-day are less than they were before the commencement of the World War.

By the reduction of a number of civil employees, a reduction of salaries, and a levy of high taxes Italy's budget is now balanced, but with no appreciable surplus.

Italy alone of all the nations has levied a 100 per cent excess war-profit tax, and the Italian Government has also levied a capital tax ranging from 4 per cent to 50 per cent, payable over a period of 20 years. Under the Italian income tax law a married man is allowed an exemption of only \$40. Following is a comparative income-tax statement of several countries, which clearly shows the great burden imposed upon the Italian taxpayer:

Income	Income taxes				
	Italy	Belgium	France	England	United States
\$1,000.....	\$189.21	\$29.15	\$48.99	0	0
\$2,000.....	392.18	107.70	174.55	\$67.50	0
\$3,000.....	599.30	238.45	348.00	202.50	\$7.50
\$4,000.....	812.18	413.35	569.40	382.50	22.50
\$5,000.....	1,025.05	619.90	838.75	787.50	37.50

If Italy had the same tax exemptions as obtain in the United States she would lose 99 per cent of the revenue she now receives from her income tax laws. In the entire Kingdom of Italy there are only 20 taxpayers with incomes ranging from \$60,000 to \$100,000, whereas in the United States there are 25,677 taxpayers with incomes from \$40,000 to \$100,000 and 5,694 taxpayers with incomes ranging from \$100,000 to over \$5,000,000. Even with her high taxes and by the practice of the strictest economy, Italy has only recently been able to balance her budget. The burden of taxation in Italy, taking into account the national wealth and national income, is higher than that of any other country, 38 per cent of her net income after deducting a minimum of subsistence.

Italy's burden in the war was equal to 30 per cent of her total national wealth. She lost 652,000 men, and 458,000 of her youths were disabled.

Italy received no colonies as a result of the war. She did gain some Austrian territory, including the ports of Fiume and Trieste and Brunn Pass. This acquisition of territory added comparatively little to the national wealth and productive income of Italy, but meant much to her from a sentimental consideration and strategically. The World War changed the geography of Europe, and the ports of Fiume and Trieste are of reduced commercial importance.

Italy has none of the principal raw materials except silk. She must import a large part of her food and all of her requirements in oil, coal, cotton, iron, and copper. She is rich in water power and cheap labor, but she must have capital to develop her water power before she can derive any substantial benefit therefrom.

Italy's trade balance has always been adverse. Italy is one of the best customers of the United States, being a large purchaser of our surplus cotton, wheat, and food products. During the past nine months Italy imported from the United States raw material and food of the value of \$200,000,000, and she exported to the United States \$53,000,000. Her imports from America were nearly four times her exports to this country. If Italy's rehabilitation is completed, she will be able to purchase much greater amounts of these surplus agricultural products from the United States, which she sorely needs, but which under her present economic condition she is unable to buy.

American agriculture languishes, and its greatest need is a market for its surplus products. Nothing will contribute more to the rehabilitation of agriculture than extending its markets, and the committee is of the opinion that the stabilization of the currencies in Europe and the restoration to normal industrial and economic conditions will contribute more to providing this market than anything else. The South and West, the great agricultural sections, are vitally interested in broadening their markets, and a definite settlement of these international obligations will go far toward bringing about this desired end.

The standard of living in Italy is lower than that of any other important nation. It was frankly stated by the Italian commission that in southern Italy the standard of living was far below that of the humblest and poorest of American citizens. The calories of food consumed are less than in any other nation and are provided by the coarsest and cheapest of fats. This is not from choice but from the stern necessity of poverty.

Italy's economic ability to pay is seriously affected by three laws of the United States. The Italian commission cited these acts, not questioning the inalienable right of the United States to enact them,

nor in a spirit of criticism or in a complaining way, but solely for the purpose of showing that Italy was rendered less able financially to meet in full the obligation to the United States.

(a) Our immigration law. Prior to its enactment Italian immigrants to the United States remitted annually to their families in Italy from one hundred and fifty to two hundred millions of dollars. Restricted immigration has lost to Italy this source of revenue.

(b) The national prohibition law of the United States, which closed the market for the sale of Italy's wines and liquors.

(c) Our high custom duties, which restrict the importation of Italy's goods into the United States.

The Italian Government is indebted to Great Britain for money borrowed to aid in the prosecution of the war, to the amount of \$2,500,000,000. Creditor nations can make such terms of settlement with debtors as they see fit, but debtor nations must show no preference as between creditors. Italy is legally and morally obligated to settle her indebtedness with Great Britain on at least as favorable terms to Great Britain as this settlement. The Italian commission recognized this principle and stated that they would offer a settlement with England on the same basis. Italy therefore has a foreign indebtedness growing out of the war of over four and a half billions of dollars, an amount equal to the indebtedness of Great Britain. There is no comparison between the national wealth, ability to transfer credits, commerce, and financial conditions of the two countries. The commission in determining Italy's capacity to pay the United States was in duty bound to take cognizance of her indebtedness to Great Britain, which reduced her capacity to pay the United States.

With Italy's constantly increasing population, owing to immigration restriction laws of the various countries, it is doubtful if Italy's industrial development can keep pace with the increasing demand of her population for subsistence.

With these conditions confronting the American commission, the commission realized that it was impossible for Italy to pay her indebtedness in full, principal and interest. The commission has always insisted that the full amount of the principal owed by all the debtor nations should be paid in full, and, if any reduction was to be made on account of economic conditions and inability to pay, this reduction should be reflected in the interest rates. Italy was informed that no settlement could be made that did not provide for the repayment in full of the principal and that Italy would be expected to pay to her full capacity to do so. After intensive investigation and extensive negotiations the American commission made an offer of settlement which it believed was the maximum of Italy's capacity to pay and frankly advised the Italian commission that if the offer was not accepted it would be useless to negotiate further.

After consideration, the Italian commission finally accepted the American commission's offer, which is embodied in the funding agreement made, which Congress is now asked to ratify. The American commission was able to get the Italian commission to agree to a settlement much higher than the Italian commission originally insisted Italy was able to pay. The present cash value on a discount basis at the rate of 4 1/4 per cent of the first Italian offer of settlement was \$371,000,000; the first offer of the American commission on a similar rate was \$606,000,000. The present value of the settlement on a 4 1/4 per cent basis is \$538,000,000. The present offer of settlement on a 3 per cent discount rate is \$791,000,000. It follows, therefore, that the American Debt Commission succeeded in getting the Italian commission to agree to a basis of settlement much more favorable to the United States than Italy first proposed.

The Kingdom of Italy is indebted to the United States for cash advanced to it by the Treasury in the sum of \$1,648,034,050.90. Interest was computed on this amount at the rate of 4 1/4 per cent per annum to December 15, 1922, and at the rate of 3 per cent per annum from December 15, 1922, to June 15, 1925, these being the same rates of interest that applied to the British indebtedness to the date of its funding. The amount, therefore, due the United States at the date of funding, principal and interest, totaled \$2,042,000,000, computed as follows:

Obligations taken for cash advanced by Treasury.....	\$1,648,034,050.90	
Accrued and unpaid interest at 4 1/4 per cent per annum to Dec. 15, 1922.....	251,846,654.79	\$1,899,880,705.69
Accrued interest at 3 per cent per annum from Dec. 15, 1922, to June 15, 1925.....	142,491,052.93	
		2,042,371,758.62
Deduct payments made on account of principal since Dec. 15, 1922.....	\$164,852.94	
Interest on principal payments at 3 per cent per annum to June 15, 1925.....	7,439.34	
		172,292.28
Total net indebtedness as of June 15, 1925.....		2,042,199,466.34
To be paid in cash upon execution of agreement.....		199,466.34
Total indebtedness to be funded into bonds.....		2,042,000,000.00

Of this total indebtedness, \$1,030,000,000 was loaned before the armistice and \$616,869,197.96 after the armistice.

Under the settlement the Italian Government agrees to the repayment of this amount upon proportionately the same schedule of annual installments over 62 years as applies in the agreement with Great Britain, except that during the first five years the payments are to be five millions annually and the balance of these payments is spread over subsequent years. During the first five years Italy is to pay five millions annually without interest. After the first 5 years interest is fixed at one-eighth of 1 per cent for 10 years, and then increases, for successive 10-year periods, to one-fourth of 1 per cent, one-half of 1 per cent, three-fourths of 1 per cent, 1 per cent, and, for the last 7 years, 2 per cent. When this agreement is fully carried out, for an original debt of \$1,648,000,000 the United States will have received during the period a total of \$2,407,000,000, \$759,000,000 of the amount being interest.

The Secretary of the Treasury, Mr. Mellon; the Undersecretary of the Treasury, Mr. Winston; Congressman BURTON, and Congressman CHASE, all members of the American World War Foreign Debt Commission, appeared before the committee and explained in detail the negotiations between the two commissions, and the committee is of the opinion that, all facts and circumstances considered, the agreement as entered into is fair, equitable, and just to both Governments concerned and represents Italy's full capacity to pay.

As in the British agreement, Italy shall have the right to pay all bonds issued or to be issued under the agreement, as to both principal and interest, in United States gold coin of the present standard of value; or, at the option of Italy, upon not less than 30 days' advance notice to the United States, in any obligations of the United States issued after April 6, 1917, to be taken at par and accrued interest to the date of payment.

Also, as in the British agreement, Italy, at its option, upon not less than 90 days' advance notice to the United States, may postpone any payment on account of principal falling due after June 15, 1943, to any subsequent June 15 or December 15 not more than two years distant from its due date. When two such payments have been postponed, Italy shall not have the right to postpone any other payment until the two payments in arrears have been paid in full.

On the date the agreement was made, November 14, 1925, the World War Foreign Debt Commission issued a statement to the press, explaining in detail the settlement, and there is attached hereto and made a part of this report a copy of that statement. There is also attached a copy of a letter from the President of the United States to Congress, recommending the approval of the settlement, and a copy of the agreement entered into between the two Governments for the funding of this indebtedness.

STATEMENT GIVEN TO THE PRESS BY THE WORLD WAR FOREIGN DEBT COMMISSION IN CONNECTION WITH THE SETTLEMENT OF THE INDEBTEDNESS OF ITALY TO THE UNITED STATES

NOVEMBER 12, 1925.

An agreement has been reached in settlement of the Italian debt subject to the approval of Congress. It has been approved by President Coolidge.

The amount to be funded as of June 15, 1925, is the original indebtedness of \$1,648,000,000, plus accrued interest to date, as in other recent settlements. The Italian Government agrees to the repayment of this amount of \$2,042,000,000 upon proportionately the same schedule of annual installments over 62 years as in the agreement with Great Britain, except during the first five years the payments are to be five million annually, and the balance of these payments is spread over the subsequent years.

After the first five years interest is fixed at one-eighth of 1 per cent for 10 years and then increases for successive 10-year periods to one-fourth of 1 per cent, one-half of 1 per cent, three-fourths of 1 per cent, and 1 per cent, and the last seven years are at 2 per cent.

Under this arrangement the total annual payments begin at \$5,000,000 and reach \$80,000,000 in the last year. For an original debt of \$1,648,000,000 the United States will receive during the period of the agreement a total of \$2,407,000,000.

The basis of settlement has been repayment of principal in full and payment of interest in accordance with the capacity of Italy to pay.

The commission has made a most exhaustive examination of Italy's fiscal and economic situation. Italy is poor in natural resources. The visible balance of trade is adverse. Food to support her rapidly increasing population, coal, oil, iron, and copper, have to be imported. Her future depends upon the development of her industry and the labor of her people.

It is felt that the settlement lays as heavy a burden upon the Italian people as we are justified in imposing, and represents Italy's capacity to pay.

A final agreement is being drafted and should be signed Saturday. Count Volpi said:

"The Italian delegation brought over from Italy a complete study of Italy's economic and fiscal situation. With the American commission the Italian delegation has gone over its documentations with great thoroughness, and I believe that the American commission has been impressed with the justice of Italy's case. I feel that we have succeeded in presenting a true picture of Italy's situation to the American commission in the 12 days we have been with them, but I know the difficulty of carrying this picture to the 110,000,000 people of the United States. I trust that the American public will itself study these matters.

"The entire Italian delegation has been impressed with the fairness of the American commission and their evident desire to do justice to Italy and to protect the American taxpayer. Recognition has been given to the present difficult situation and confidence has been shown in Italy's future. The settlement as finally made is larger than we thought in the beginning we could agree to. Italy has, however, always met her international obligations. She has done so in this case. The settlement is a long step toward the restoration of economic peace in Europe."

Approximated total payments in millions

Years:	
1-5	5
6-15	14-18
16-25	20-26
26-35	31-38
36-45	43-52
46-55	56-67
55-62	73-80

STATEMENT GIVEN TO THE PRESS OF THE REMARKS OF COUNT VOLPI AND SECRETARY MELLON AT THE SIGNING OF THE AGREEMENT FOR THE SETTLEMENT OF THE INDEBTEDNESS OF ITALY TO THE UNITED STATES

NOVEMBER 14, 1925.

The Italian-American debt settlement agreement was signed at 11 o'clock to-day by Count Volpi for Italy and by Secretary Mellon for the United States and has been approved by the President. Count Volpi said:

"I do not think I can close in a more appropriate way the proceedings of these meetings on our part than by communicating to you the following message which I just received from Premier Mussolini:

"I desire to express my full appreciation of the settlement reached, which represents a happy conciliation of interests as well as the acknowledgment of the justice of our case and of our real capabilities.

"Please convey to the members of the American commission the expression of my gratification, voicing the sentiments of the Italian people.

"The good will shown by the American commission in reaching a settlement evidences their appreciation of Italy's efforts during and after the war.

"The conclusion of the agreement will help make the bonds of friendship between the two countries still closer. It will be a powerful stimulus for the development of economic intercourse and relations between Italy and the United States, adding a favorable element to general stabilization."

Mr. Mellon replied:

"You came here to disclose to us all of the factors involved in Italy's capacity to pay. We met you with an open mind and the two weeks full discussion of your situation has brought the two commissions together upon what we believe is a settlement fair to each nation. By the agreement we have just signed Italy recognizes to her full capacity the integrity of her international obligations, we have eliminated in the relations of the two countries a matter disturbing if left unsettled, and we have added one more stone to the rebuilding of Europe's financial structure.

"Will you express to Premier Mussolini our appreciation of the character of the delegation which he sent to America and of the will to reach an agreement with which they were inspired?"

To the Congress of the United States:

I am submitting herewith for the consideration of the Congress a copy of an agreement dated November 14, 1925, executed by the Secretary of the Treasury as chairman of the World War Foreign Debt Commission, providing for the settlement of the indebtedness of the Kingdom of Italy to the United States of America. The agreement was approved by me on November 14, 1925, subject to the approval of Congress, pursuant to authority conferred by act approved February 9, 1922, as amended by act approved February 28, 1923, and as further amended by act approved January 21, 1925.

I believe that the settlement upon the terms set forth in the agreement is fair and just to both Governments and recommend its approval.

CALVIN COOLIDGE.

THE WHITE HOUSE, December 8, 1925.

AGREEMENT FOR THE FUNDING OF THE DEBT OF ITALY TO THE UNITED STATES

Agreement made the 14th day of November, 1925, at the city of Washington, D. C., between the Kingdom of Italy, hereinafter called Italy, party of the first part, and the United States of America, hereinafter called the United States, party of the second part

Whereas Italy is indebted to the United States as of June 15, 1925, upon obligations in the aggregate principal amount of \$1,647,869,197.96, together with interest accrued and unpaid thereon; and

Whereas Italy desires to fund said indebtedness to the United States, both principal and interest, through the issue of bonds to the United States, and the United States is prepared to accept bonds from Italy upon the terms hereinafter set forth:

Now, therefore, in consideration of the premises and of the mutual covenants herein contained, it is agreed as follows:

1. Amount of indebtedness. The amount of indebtedness to be funded, after allowing for certain cash payments made or to be made by Italy is \$2,042,000,000, which has been computed as follows:

Obligations taken for cash advanced by Treasury	\$1,648,034,050.90
Accrued and unpaid interest at 4½ per cent per annum to Dec. 15, 1922	251,846,654.79
	\$1,899,880,705.69
Accrued interest at 3 per cent per annum from Dec. 15, 1922, to June 15, 1925	142,491,052.93
	2,042,371,758.62
Deduct payments made on account of principal since Dec. 15, 1922	\$104,852.94
Interest on principal payments at 3 per cent per annum to June 15, 1925	7,439.34
	172,292.28

Total net indebtedness as of June 15, 1925. 2,042,199,466.34
To be paid in cash upon execution of agreement. 199,466.34

Total indebtedness to be funded into bonds. 2,042,000,000.00

2. Payment: In order to provide for the payment of the indebtedness thus to be funded, Italy will issue to the United States at par bonds of Italy in the aggregate principal amount of \$2,042,000,000, dated June 15, 1925, and maturing serially on the several dates and in the amounts fixed in the following schedule:

June 15—	
1926	\$5,000,000
1927	5,000,000
1928	5,000,000
1929	5,000,000
1930	5,000,000
1931	12,100,000
1932	12,200,000
1933	12,300,000
1934	12,600,000
1935	13,000,000
1936	13,500,000
1937	14,200,000
1938	14,600,000
1939	15,200,000
1940	15,800,000
1941	16,400,000
1942	17,000,000
1943	17,600,000
1944	18,300,000
1945	19,000,000
1946	19,600,000
1947	20,000,000
1948	20,600,000
1949	21,200,000
1950	22,000,000
1951	23,000,000
1952	23,800,000
1953	24,600,000
1954	25,400,000
1955	26,500,000
1956	27,500,000
1957	28,500,000
1958	29,600,000
1959	30,500,000
1960	31,500,000
1961	32,500,000
1962	33,500,000
1963	34,500,000
1964	35,500,000
1965	36,500,000
1966	38,000,000
1967	39,500,000
1968	41,500,000
1969	43,500,000
1970	44,500,000
1971	46,000,000
1972	47,500,000
1973	49,000,000
1974	50,500,000
1975	52,000,000
1976	54,000,000
1977	56,000,000
1978	59,000,000
1979	61,000,000
1980	62,000,000
1981	64,000,000
1982	67,000,000

June 15—Continued.

1983.....	\$69,000,000
1984.....	72,000,000
1985.....	74,000,000
1986.....	77,000,000
1987.....	79,400,000
Total.....	2,042,000,000

Provided, however, That Italy, at its option, upon not less than 90 days' advance notice to the United States, may postpone any payment on account of principal falling due, as hereinabove provided, after June 15, 1930, to any subsequent June 15 or December 15 not more than two years distant from its due date, but only on condition that in case Italy shall at any time exercise this option as to any payment of principal, the payment falling due in the second succeeding year can not be postponed at all unless and until the payments of principal due two years and one year previous thereto shall actually have been made. All such postponed payments of principal shall bear interest at the rate of 4½ per cent per annum payable semiannually.

3. Form of bond: All bonds issued or to be issued hereunder to the United States shall be payable to the Government of the United States of America, or order, and shall be signed for Italy by its ambassador at Washington or by its other duly authorized representative. The bonds shall be substantially in the form set forth in the exhibit hereto annexed and marked "Exhibit A," and shall be issued in 62 pieces with maturities and in denominations as hereinabove set forth and shall bear no interest until June 15, 1930, and thereafter shall bear interest at the rate of one-eighth of 1 per cent per annum from June 15, 1930, to June 15, 1940; at the rate of one-fourth of 1 per cent per annum from June 15, 1940, to June 15, 1950; at the rate of one-half of 1 per cent per annum from June 15, 1950, to June 15, 1960; at the rate of three-fourths of 1 per cent per annum from June 15, 1960, to June 15, 1970; at the rate of 1 per cent per annum from June 15, 1970, to June 15, 1980; and at the rate of 2 per cent per annum after June 15, 1980, all payable semiannually on June 15 and December 15 of each year.

4. Method of payment: All bonds issued or to be issued hereunder shall be payable, as to both principal and interest, in United States gold coin of the present standard of value, or, at the option of Italy, upon not less than 30 days' advance notice to the United States, in any obligations of the United States issued after April 6, 1917, to be taken at par and accrued interest to the date of payment hereunder.

All payments, whether in cash or in obligations of the United States, to be made by Italy on account of the principal or of interest on any bonds issued or to be issued hereunder and held by the United States shall be made at the Treasury of the United States in Washington, or, at the option of the Secretary of the Treasury of the United States, at the Federal Reserve Bank of New York; and if in cash, shall be made in funds immediately available on the date of payment; or if in obligations of the United States, shall be in form acceptable to the Secretary of the Treasury of the United States under the general regulations of the Treasury Department governing transactions in United States obligations.

5. Exemption from taxation: The principal and interest of all bonds issued or to be issued hereunder shall be paid without deduction for, and shall be exempt from, any and all taxes or other public dues, present or future, imposed by or under authority of Italy or any political or local taxing authority within Italy, whenever, so long as and to the extent that beneficial ownership is in (a) the Government of the United States; (b) a person, firm, or association neither domiciled nor ordinarily resident in Italy; or (c) a corporation not organized under the laws of Italy.

6. Payments before maturity: Italy, at its option, on June 15 or December 15 of any year, upon not less than 90 days' advance notice to the United States, may make advance payments in amounts of \$1,000 or multiples thereof on account of the principal of any bonds issued or to be issued hereunder and held by the United States. Any such advance payments shall be applied to the principal of such bonds as may be indicated by Italy at the time of the payment.

7. Exchange for marketable obligations: Italy will issue to the United States at any time, or from time to time, at the request of the Secretary of the Treasury of the United States, in exchange for any or all of the bonds issued hereunder and held by the United States, definitive engraved bonds in form suitable for sale to the public, in such amounts and denominations as the Secretary of the Treasury of the United States may request, in bearer form, with provision for registration as to principal, and/or in fully registered form, and otherwise on the same terms and conditions, as to dates of issue and maturity, rate or rates of interest, if any, exemption from taxation, payment in obligations of the United States issued after April 6, 1917, and the like, as the bonds surrendered on such exchange. Italy will deliver definitive engraved bonds to the United States in accordance herewith within six months of receiving notice of any such request from the Secretary of the Treasury of the United States, and pending the delivery of the definitive engraved bonds will deliver, at the request of the Secretary of the Treasury of the United States, temporary bonds or interim receipts in form satisfactory to the Secretary of the Treasury of the United States within 30 days of the receipt of such request, all without expense to the

United States. The United States, before offering any such bonds or interim receipts for sale in Italy, will first offer them to Italy for purchase at par and accrued interest, if any, and Italy shall likewise have the option, in lieu of issuing any such bonds or interim receipts, to make advance redemption, at par and accrued interest, if any, of a corresponding principal amount of bonds issued hereunder and held by the United States. Italy agrees that the definitive engraved bonds called for by this paragraph shall contain all such provisions and that it will cause to be promulgated all such rules, regulations, and orders as shall be deemed necessary or desirable by the Secretary of the Treasury of the United States in order to facilitate the sale of the bonds in the United States, in Italy, or elsewhere, and that, if requested by the Secretary of the Treasury of the United States, it will use its good offices to secure the listing of the bonds on such stock exchanges as the Secretary of the Treasury of the United States may specify.

8. Cancellation and surrender of obligations: Upon the execution of this agreement the delivery to the United States of the principal amount of bonds of Italy to be issued hereunder, together with satisfactory evidence of authority for the execution of this agreement by the representative of Italy and for the execution of the bonds to be issued hereunder, the United States will cancel and surrender to Italy at the Treasury of the United States in Washington the obligations of Italy held by the United States.

9. Notices: Any notice, request, or consent under the hand of the Secretary of the Treasury of the United States shall be deemed and taken as the notice, request, or consent of the United States, and shall be sufficient if delivered at the Embassy of Italy at Washington or at the office of the Ministry of Finance at Rome; and any notice, request, or election from or by Italy shall be sufficient if delivered to the American Embassy at Rome or to the Secretary of the Treasury at the Treasury of the United States in Washington. The United States in its discretion may waive any notice required hereunder, but any such waiver shall be in writing and shall not extend to or affect any subsequent notice or impair any right of the United States to require notice hereunder.

10. Compliance with legal requirements: Italy represents and agrees that the execution and delivery of this agreement have in all respects been duly authorized, and that all acts, conditions, and legal formalities which should have been completed prior to the making of this agreement have been completed as required by the laws of Italy and in conformity therewith.

11. Counterparts: This agreement shall be executed in two counterparts, each of which shall have the force and effect of an original.

In witness whereof Italy has caused this agreement to be executed on its behalf by Giuseppe Volpi di Misurata, its plenipotentiary at Washington, thereunto duly authorized, subject, however, to ratification in Italy, and the United States has likewise caused this agreement to be executed on its behalf by the Secretary of the Treasury, as chairman of the World War Foreign Debt Commission, with the approval of the President, subject, however, to the approval of Congress, pursuant to the act of Congress approved February 9, 1922, as amended by the act of Congress approved February 28, 1923, and as further amended by the act of Congress approved January 21, 1925, all on the day and year first above written.

THE KINGDOM OF ITALY,
By GIUSEPPE VOLPI DI MISURATA,
THE UNITED STATES OF AMERICA,
For the World War Foreign Debt Commission,
By A. W. MELLON,

Secretary of the Treasury and Chairman of the Commission.

Approved:

CALVIN COOLIDGE,
President.

MINORITY VIEWS OF CORDELL HULL

I regret that I am constrained to dissent from the majority report of the committee. I am sure that every Member of this House cherishes the warmest friendship for the people of Italy and is at all times most anxious to cooperate in every feasible way with those people. It is all the more disagreeable, therefore, that one feels obliged to withhold approval of the debt settlement now pending. If the debts due the American Government from foreign governments should be canceled or scaled, the American people must pay taxes to meet the interest and to redeem the principal to a corresponding extent. The money loaned foreign governments was raised from the people of the United States in war taxes and war loans. They did this at great effort and many sacrifices.

It is important to consider the genesis of these foreign loans. When America entered the war, a system of allied loans had already been established by England and was in full and satisfactory operation. The United States joined in and followed this system without cavil. This country then and thereafter, in fact, did everything requested by the allied governments. The general theory of the allied financing was that each country would respond in taxes and subscriptions for domestic loans to the financial demands of its gov-

ernment for its own or interallied account. France, for example, could more conveniently and quickly procure certain supplies from England, or Italy from France, with result that the government of the country from which the supplies were procured did the financing necessary for their payment. It was not possible to transfer money of one country to another country, or if so, at great sacrifice. The general result after the United States entered the war was that England continued to loan money for purchases within the Empire, as did France and Italy for purchases within their respective countries, and as did the United States in our own country on a great scale. This course made England a lender as well as a borrower on international accounts throughout the war.

Since the war there have been many suggestions as to the disposition of these foreign debts. The decided weight of opinion has developed, however, that they are commercial and not political debts, and should be treated and honored accordingly. The American Government has been among those stoutly insisting on the integrity of these obligations in their entirety. A considerable portion of these war obligations have already been funded, on slightly varying terms which met the approval of Congress. The bill proposing the approval by Congress of the terms of the Italian debt settlement is self-explanatory and is the bill to which this minority report alone relates. In common with most others, I am and have been very desirous of seeing all these debts refunded and cleared up on terms just and fair alike to the creditor and the debtors. I earnestly favor what in the light of the facts and circumstances would be considered a reasonable settlement of the Italian debt. I am impelled to the conclusion, however, that the proposed settlement is not a reasonable settlement but is more in the nature of a cancellation. The amount of this debt with interest under the 62-year plan of payment would, I am told, aggregate near \$5,500,000,000. The amount of the proposed settlement is \$2,042,000,000 plus interest of \$365,577,000 to be paid during 62 years, or a total of \$2,400,000,000 in round figures. This shows a scaling under the 62-year payment plan of near \$3,000,000,000, or, when compared with the terms of the British settlement, of near \$2,500,000,000.

A most important phase of the settlement as it is proposed is that far less than one-fourth of the amount agreed to in the settlement is to be paid in the next 32 years, or during the present generation. I am not treating so seriously debt arrangements pertaining to the peoples of the next generation. Italy, under the proposed terms, would not pay, at the end of 40 years after the armistice, more than, if as much as, the six hundred and odd million dollars borrowed from the United States Government after the armistice, to say nothing of the interest on this single postwar item. Italy has had a seven-year moratorium and secures virtually another five years. During the next five years Italy will pay our Government \$25,000,000 on her debt, while American taxpayers will be obliged to assume and pay near \$400,000,000 on the same. During the same period our country will have sent to Italy from \$500,000,000 to \$600,000,000 in emigrant remittances and tourist expenditures.

Italy some time since balanced her budget as to all internal expenditures, including prompt interest payments on all her domestic bonds. Italy has a population of 40,000,000 and a national wealth of \$35,000,000,000 to \$40,000,000,000. She has a favorable balance of international trade and services, if the proceedings of the Chamber of Commerce of Italy during the forepart of 1925 are reliable. I quote from the proceedings of one of their meetings. Italy's imports in 1924 were 19,387,100,000 lire, while her exports were 14,309,600,000 lire; her emigrant remittances were estimated at not less than 3,000,000,000 lire, while tourist receipts left by foreigners in Italy were 3,000,000,000 lire for 1924. The amount received from Italian shipping, insurance, etc., is to be added. Italian shipbuilding moved up from sixth to fourth place in the world during the past three years. There has been a most healthy gain in her export trade during the same period. Most extensive plans and work in connection with the development of Italian water power, amounting to some few million of horsepower, are under way. Should Italy remain free from war, I see no good reason why during the next six to ten years she should not become extensively industrialized and able to accumulate much wealth.

In these circumstances I can not escape the conclusion that the Italian debt as it pertains to the present generation should not have been so nearly forgiven. It was good policy on our part when England and other countries came along with offers that fairly met the sense of fair play in America promptly to accept the offers. When, however, a country, as in the case of Italy, proposes a virtual cancellation so far as the first 40 years after the war are concerned, it is not justifiable to accept such proposal merely upon the plea that if not accepted Italy will be handicapped in her financial and economic rehabilitation. It would have been wise and perfectly justifiable instead to have proposed to Italy a remission of her debt down to 50 per cent to 60 per cent of the total, coupled with a moratorium of six or eight years and an agreement that a commission should then determine the ability of Italy to pay this 50 per cent or 60 per cent or such portion of the same which might be suggested by thorough and impartial consideration of all the then existing facts and condi-

tions. Our Government gets virtually nothing anyhow during this period, according to the proposed settlement. This latter proposal would have safeguarded our rights to this much greater extent without materially handicapping the recovery of Italy in the meantime.

England will doubtless scale her Italian debt not so low as the pending proposal, but somewhat in that direction, with the result that, having no other external indebtedness, Italy could not seriously complain at better terms to America than the present bill offers.

Some Federal officials who have constructed the highest possible tariffs against Italy calculated to encourage and aid in strangling her international commerce are now shouting loudest in favor of the proposed debt settlement upon the plea that we must aid Italy in promoting and expanding her industry and trade and also enable her to purchase more goods from us. They seem to overlook the fact that the very debt they propose to forgive is chiefly for goods which Italy has already purchased from us. And, besides, our country could, without any sort of injury to American lemon growers, purchase to a good advantage a reasonable quantity of Italian lemons, especially on the northeast seacoast; but, thanks to majority leaders who champion the proposed debt settlement, we have a 99 per cent tariff against Italian lemons, under the operation of which imports fell off far more than half during 1924. In December, 1920, I stated in the House of Representatives that if the United States proposed to surround itself by prohibitive tariff walls and every other sort of trade restriction, as we have since witnessed, we might prepare to cancel most or all of our foreign debts and let them become a monument in the future to our economic stupidity. There is little doubt that these narrow, shortsighted, and selfish economic policies are the chief factor in our deplorable foreign-debt situation. We are also in the act of forgiving still other foreign debts and assuming them ourselves. The American taxpayers during coming years will want to know, and will finally discover, the reason why. Those individuals who desire foreign debts due our Government disposed of on any terms in order to facilitate individual foreign loans, and those who stand for extreme high-tariff barriers between commercial nations, have no right to suggest, much less criticize, those who seek in what they conceive to be a spirit of fair play and fair dealing to maintain the integrity and morality of all these debts due the American Government, and to that extent to protect the American taxpayers.

CORDELL HULL.

VIEWS OF HON. HENRY T. RAINEY, OF ILLINOIS

I do not concur in the above report, and I hereby refer to my statement in the hearings and present that as my views on this subject.

HENRY T. RAINEY.

FOREIGN DEBT FUNDING LEGISLATION

STATEMENT OF HON. ANDREW W. MELLON, SECRETARY OF THE TREASURY

Secretary MELLON. I have a prepared statement, and I have copies here which can be distributed to each member.

The CHAIRMAN. The clerk will distribute them.

Secretary MELLON. And I suppose you would like to have me read the statement?

The CHAIRMAN. I think it would be well, Mr. Secretary, if you read the statement, and then it may be possible that the members of the committee would like to ask you some questions, or you may desire to supplement it orally in some way, and, if so, we will be glad to hear anything further that you may have.

Secretary MELLON. I shall at least be prepared to answer any questions that may be asked.

During the war the United States made loans to the Allies largely to assist them in purchase of supplies in the United States. The original loans bore interest at 3½ per cent, being the interest rate carried on the first Liberty loan issue. The rate was subsequently made 5 per cent. After the armistice the United States continued to make advances to the Allies to complete their contracts in the United States and to purchase food and surplus war supplies from the United States. Relief was also extended to a number of the smaller nations largely born of the war. At the conclusion of the war period the Treasury held the obligations of some 20 nations, in general payable on demand with interest at 5 per cent per annum.

The world was in a state of financial disorder. No nation could have paid its debt had we demanded it. Most could not even pay the interest rate of 5 per cent called for by their obligations. Only with time and more settled conditions did possibility of adjustment arise.

Recognizing the fact that our debtors could not pay on demand, Congress originally authorized debt funding on not longer than a 25-year basis and at not less than 4½ per cent interest. Subsequently, when it was apparent that this basis of settlement was beyond the capacity of most of the debtors, the American Debt Commission was given general authority to recommend settlements to Congress. It is as the expert body created by Congress that we have presented our recommendations in the six cases now pending.

Since foreign debt settlements do not seem to be clearly understood, I wish to mention some rather elemental facts. The obligations held by the Treasury generally call for payment on demand and such payment can not be made. We must find practical terms. Now if we are owed \$62 and payment is made to-day, we receive the full value of our loan. If payment is made at the rate of \$1 a year for 62 years without interest, we would be conceding a part of the debt. What this concession amounts to can be variously estimated depending on the rate of discount arbitrarily taken. If we use $4\frac{1}{4}$ per cent, the present value of a \$1 annuity for 62 years is a little over \$21; if we use 3 per cent, its present value is \$28. If, however, instead of \$1 a year for 62 years without interest we should charge interest at the cost of money to us, we get the full value of the loan, since we could borrow the \$62 to-day, pay interest on the borrowing, and repay the principal as annuities are received. From the United States standpoint, therefore, the question of whether a particular settlement represents a reduction in the debt depends on whether the interest charged over the entire period of the agreement is less than the average cost to us of money during that period. The flexibility in debt settlements is found in the interest rate to be charged.

The situation of each debtor nation is particular—that is, its capacity to pay—is not the same as the capacity of some other nation. It has been felt by the Debt Commission, however, that repayment of principal is essential in order that the debtor might feel that it had paid its debt in full and that we might know that we had our capital returned to us. The commission felt, therefore, that no funding should be made which did not repay the principal, and thus we have maintained the integrity of international obligations. Adjustment to the capacity of each case is made in the interest to be paid over the period of the agreement.

Great Britain was the first nation to recognize the desirability of putting its house in order. Great Britain owed some \$4,600,000,000 of principal and interest on its demand obligations. The American Debt Commission recommended a settlement on the basis of principal payments over a 62-year period, with interest at the rate of 3 per cent per annum for the first 10 years and $3\frac{1}{2}$ per cent thereafter. Congress has approved the settlement. Taking into account the current interest rate when the settlement was made, the British agreement does not represent payment in full. If we figure the present value of the settlement at $4\frac{1}{4}$ per cent, we canceled 20 per cent of the debt. The settlement was, however, entirely based on our estimation of Great Britain's capacity to pay. It is a precedent for the recognition of the principle of capacity to pay and is not a set formula to control other cases of substantially less capacity.

It is the rule that a debtor can not prefer one creditor over another. The debtor must treat all creditors alike. On the other hand, the creditor has the option of treating each of its debtors separately. It may insist on payment in full from one, give time to another, and cancel the indebtedness of a third, and no one of the three debtors has a right to complain of the treatment accorded the other.

There follows from the foregoing that England, which is also a creditor of many nations who are debtors to us, has the right to insist that no debtor of it pay us more in proportion than England receives. The debtor nation may not discriminate between its two creditors. It has been frequently stated in Parliament that England has no just cause of complaint if the United States settles with one of its debtors on terms easier than those accorded England. As a matter of fact, England itself in dealing with its European debtors has made settlements more favorable to one than to another. I want to be clear that the British-American settlement is one based on capacity to pay and not a fixed formula to which all others, irrespective of capacity, must conform, and that a creditor is free to settle with its debtors as it may choose.

As other nations have approached the American Debt Commission for a funding of their debts, it has been the position of the American commission that since England represents the strongest of its debtors, America would not ask heavier terms than those offered by England. The commission would consider the British-American basis as *prima facie* a fair basis of settlement. If such a settlement was beyond the capacity of the particular nation, then the commission would recognize this capacity by way of a reduction in the interest rate, but in no event cancel any of the principal. As we settled with England on her capacity, so consistently we must consider capacity in every other case.

Generally speaking, our foreign indebtedness may be divided into two general classes—advances to carry on the war and advances after the war for relief and for the stabilization of Europe. Among the nations in the first class are included England, France, Italy, Belgium, Russia, and Serbia, although loans were made after the armistice. In the second class are the countries on the Baltic Sea, Finland, Lithuania, Latvia, Estonia, and Poland; the former enemy countries of Austria and Hungary; and the Balkan countries of Czechoslovakia, Rumania, and Greece.

The general plan applied to the settlement of the second class has been the British-American basis, with easier treatments in the earlier years depending upon the particular circumstances of the nation

involved. Hungary, Finland, and Lithuania have been settled on the straight British-American basis. Poland, Latvia, and Estonia have been given the option to fund 75 per cent of the payments which would have been due for principal and interest for the first 5 years over the remaining 57 years of the agreement. Czechoslovakia for the first 18 years pays about three-fourths of what it would have paid under the straight British-American basis, and the balance is funded over the remaining years of the 62-year period. Rumania pays a graduated scale to reach the British-American basis at the end of the twelfth year, and the balance is funded. In every case the balance funded is at the interest rates of 3 and $3\frac{1}{2}$ per cent. The variations in the earlier years of these agreements have been occasioned by the present fiscal situation of the nation involved and represent a determination of the capacity of payment for these earlier years. In each case the American Debt Commission was of the opinion that over the whole period, subject to the earlier modifications, the British-American basis was within the capacity of the particular nation.

The debt-funding agreements of the nations in this second class have been approved by Congress in the cases of Finland, Lithuania, Poland, and Hungary. In the case of Latvia, Estonia, Czechoslovakia, and Rumania, the debt-funding agreements are now pending. In the case of Austria, Congress has voted a 20-year moratorium recognizing Austria's present want of capacity. Yugoslavia and Greece have not yet negotiated a settlement.

Coming now to the large debtors, no agreement has been reached with France, but the commission has negotiated funding agreements with Belgium and Italy.

In the Belgian agreement the indebtedness of Belgium has been separated between prearmistice debt and postarmistice debt; that is, indebtedness created before or after the 11th of November, 1918. The postarmistice indebtedness has been settled on the British-American basis, with the exception that during the first 10 years interest rates are scaled up on an arbitrary basis to reach $3\frac{1}{2}$ per cent at the beginning of the eleventh year. As to the prearmistice indebtedness, the principal is to be repaid in substantially equal installments over the period of 62 years. Accrued and accruing interest is waived. The circumstances which influenced the American Debt Commission in recommending this concession on the prearmistice debt were these: Almost all of Belgium was occupied by Germany since the early days of the war. Germany had taken from Belgium and moved into Germany most of the industrial machinery and equipment which it had found in Belgium. The value of the war damage done to Belgium was estimated at roughly \$1,000,000,000. During the period of occupation, Germany had caused to be printed and circulated in Belgium paper money which the Belgian people, in the occupied territory, were forced to receive. At the conclusion of the war Belgium had to redeem this worthless currency, issuing its own money in exchange therefor. The loss to Belgium on this account was about \$1,200,000,000. Belgium had received prior to the armistice about \$1,800,000,000 in advances from France, Great Britain, and the United States, France advancing over \$600,000,000, Great Britain more than \$500,000,000, and the United States less than \$200,000,000.

At the time of the negotiation of the Versailles treaty Belgium demanded that she be given a preferred claim on reparations to the extent of her war damage, that Germany be compelled to redeem in gold the worthless paper marks taken up by Belgium, and that the three principal allies forgive their prearmistice loans, and Belgium stated that unless such preferences were given she would withdraw from the peace conference. In order to prevent a break in the negotiations, representatives of the United States, England, and France proposed that Belgium be given a prior charge on reparations of \$500,000,000, that each representative recommend to his respective government the adoption of an arrangement under which the prearmistice debt of Belgium would be assumed by Germany and Belgium released, and that Belgium withdraw her other demands for the remainder of war damage and for reimbursement for the German currency. Accepting this compromise, Belgium continued in the conference. Subsequently the United States, entirely within its rights, declined to accept Germany as a substitute for Belgium on the prearmistice debt.

The argument of Belgium was that it had waived its demand for \$2,200,000,000 of preferred reparations, relying on a promise which was unfulfilled, and that it was now too late to restore Belgium to the position it had formerly occupied. The American commission felt that the equities were with Belgium. We would not agree to substitute Germany as our debtor, although England and France, with larger debts than ours, have done so. We did not think it just, however, to ask Belgium to repay more than the principal of the prearmistice advances. Belgium continues solely liable to us.

Taking the Belgium settlement as a whole, both the prearmistice and postarmistice, the American commission felt that the payments required from Belgium substantially represent its capacity to pay. Belgium is a small nation, densely populated, with few natural resources, and obliged to import a large proportion of its food supply. Its

foreign investments have been exhausted by the war, the balance of trade has for a great many years been adverse, and Belgium will require in the near future large borrowings abroad in order to stabilize its currency and to reduce the inflation caused by the paper money issued by Germany during the occupation.

Another settlement now before Congress is that with Italy. To the original principal of the Italian debt of \$1,048,000,000 was added interest at $4\frac{1}{4}$ per cent per annum to December 15, 1922, the date of the British settlement, and at 3 per cent per annum to the date of the new settlement, making a total to be funded of \$2,042,000,000. Repayment of the new principal is made on the same scale as on the British-American basis, with the exception that in the first five years there is a slight modification. To meet Italy's capacity to pay, interest rates during the period of the funding agreement after the first 5 years have been fixed during successive 10-year periods at one-eighth of 1 per cent, one-fourth of 1 per cent, one-half of 1 per cent, three-fourths of 1 per cent, 1 per cent, and 2 per cent for the last 7 years. The interest rates recognize the quite material difference between Italy and other debtor countries with whom negotiations for settlement have been made. Italy has no natural resources and no productive colonies. Its balance of trade has always been adverse; a large part of the country is mountainous and it must import food for its rapidly increasing population. Coal, iron, copper, cotton, oil, and other raw materials have to be imported. The standard of living and the taxable capacity of its people are extremely low. The assets of Italy are but the labor of its people and its water power.

No better example of the equitable principle of capacity to pay which must apply to a debt settlement can be given than in the case of Italy. Italy owes the United States over \$2,000,000,000. It owes England about 25 per cent more than this. Any payment to the United States must be contemporaneously met by proportionately greater payments to England. To pay a dollar to the United States in debt settlement means that Italy must pay \$1.25 to England. The settlement of the Italian-American debt on the British-American basis would have meant that Italy must pay at once \$71,000,000 per year, and a similar settlement of the British-Italian debt would require the payment of \$89,000,000 per year, a total to be added to the tax burden of the Italian people of \$160,000,000. The present total of all Italian taxes is about \$850,000,000. The present total of all American taxes is about \$7,500,000,000. Adding \$160,000,000 to the Italian taxes would be the same as adding \$1,400,000,000 to taxation in America. This would be a terrific burden to America, but we might stand it because our average income is high and the American people would not be forced below the level of subsistence; that is, we would still have enough to live on. The Italian people, however, are now so heavily taxed in proportion to the national income that this additional tax would have forced them below the level at which life can be supported. Such payments to-day are impossible. We should have made a China of Italy. You will appreciate what I mean by the present close approach of the Italian to the level of subsistence when it is understood that the adoption in the Italian income tax law of the same exemptions carried in our 1924 law (not the increased exemptions under the proposed law) would reduce the Italian Government's revenue from income tax by 99 per cent. An insistence of a settlement of the Italian-American debt on the British-American basis would have been entirely futile. Italy could not have paid, and such an insistence would have meant only that the United States would receive nothing.

The comparative burdens of the war-debt settlements of England, Belgium, and Italy are a fair test of the adequacy from an American standpoint of the Italian settlement. It must be remembered that Italy owes Great Britain 25 per cent more than it owes the United States, and any American settlement will probably have to be followed by an English settlement on substantially a proportionate basis. There are three principal factors in the finances of any country which furnish indices by which a comparison of the weight of a new fiscal burden can be measured. These are the total budget, representing what all instrumentalities of government collect from the people; the total foreign trade, which has a bearing on the capacity to transfer payments abroad; and the total national income, which is the ultimate source of a country's capacity to pay. If we apply these indices to the three settlements, we obtain the following comparison: The British-American settlement calls for an annual average payment equivalent to 4.6 per cent of the total British budget expenditures, the Belgian settlement 3.5 per cent, and the Italian settlement to America alone 5.17 per cent and to America and Great Britain 11.47 per cent of Italy's total budget expenditures. The British settlement calls for an annual average charge corresponding to 1.9 per cent of the total British foreign trade. This figure is 0.88 per cent with Belgium. Italy's average payment to the United States is 2.87 per cent of its total foreign trade, and the combined payments to the United States and England 6.32 per cent of its total foreign trade. Great Britain's average annuity represents 0.94 per cent of its national income; Belgium's 0.80 per cent; Italy to the United States alone 0.97 per cent, and to the United States and Great Britain 2.17

per cent of its total national income. If we averaged the three indices, the comparative Italian burden of war debts would be represented by 6.72, the British 2.4, and the Belgian by 1.75. If instead of using the average annual annuity we should compare the present value of the settlements with the sum of these three indices—the total budget, the total foreign trade, and total national income for a year of each of the countries—the burden of the British settlement represents 11.7 per cent of this sum, the Belgian settlement 7 per cent, and the Italian war debts to the United States and England combined 19.8 per cent.

Suppose that America had to assume a burden comparable to the burden of war debts upon Italy based upon the above indices, the present value of this burden would be over \$15,000,000,000, or three-fourths of our present public debt, and if we were to pay this war debt on the same scale as in the Italian agreement, after five years we would be paying an annuity of over \$400,000,000, after 30 years of over a billion dollars, and by the end of the period of considerably over two billions a year. Consideration must be given in these comparisons to the income and standard of living in Italy, which are lower than in either England or Belgium and very much lower than in the United States, and which, therefore, would make the same burden relatively higher in Italy than in other countries.

In its negotiations for the funding of the debt the American Debt Commission has been forced to consider these facts: No nation except by the pressure of public opinion and the necessities of its own credit, can be compelled to pay a debt to another nation. An insistence on a funding agreement in excess of the capacity of the nation to pay would justify it in refusing to make any settlement. None can do the impossible. If the debtor is to be able to pay, and if the creditor is to receive anything, a settlement fair to both countries is essential. It follows that those who insist upon impossible terms are in the final analysis working for an entire repudiation of the debts. The only other alternative which they might urge is that the United States go to war to collect.

Europe is our largest customer. Unless the finances of Europe can be restored, her currency placed on a sound basis, and her people able to earn and spend, this country will not be able to dispose of its surplus products of food, material, and goods. Our exports to Belgium last year were \$114,000,000 and imports \$68,000,000. Our exports to Italy were \$185,000,000 and imports \$75,000,000. Of the total exports to the two countries, 26 per cent were foodstuffs and 36 per cent were cotton. Nearly two-thirds of the exports represent the surplus products of the American farmer.

Germany began a reestablishment of sound currency in the latter part of 1923. In that year it imported \$149,000,000 of cotton from us. With the Dawes plan and a proper financial system, exports of cotton increased in 1924 to \$223,000,000 and in the first 10 months of 1925 to \$198,000,000, or at the rate of \$231,000,000 a year. Here is the real interest of America in the stabilization of Europe, in which prompt debt settlements are an integral part.

The countries of Europe must be restored to their place in civilization. In this process of reconstruction certain essentials have to be met: First, the budgets must be balanced. This is a domestic question for each nation to solve. Second, payments coming due in the future must be ascertained. Interallied debts constitute the principal item in this essential, and in order that their settlement be effective the terms must be definite in amount and time and within the capacity of the debtors. We have learned the folly of imposing indefinite and impossible terms from the experiment with Germany before the Dawes plan. And, third, America, with its excess of capital seeking profitable investment, must aid by making private loans to Europe for productive purposes. Only from these private loans during the past year have the countries abroad been able to pay for our wheat and cotton. It is these new loans which make our exports possible. The American commission has not recommended settlements of the debts to profit those who wish to loan money abroad. It is possible since any payment necessarily involves a strain on the debtor country, that the insistence on impossible terms which would justify a refusal of the debtor to fund, might be more acceptable to the international bankers. But the settlements are made in the real interests of those American producers who must have a foreign market able to pay. The American producer needs these debt settlements. The entire foreign debt is not worth as much to the American people in dollars and cents as a prosperous Europe as a customer.

The capacity of a nation to pay over a long period of time is not subject to mathematical determination. It is and must be largely a matter of opinion, but we have been fortunate in the constitution of the American Debt Commission to have a representation from the administration, from Congress, and from private life, and from both political parties. We have facilities to acquire information through the State Department, the Treasury, and the Department of Commerce. We bring a varied experience to the consideration of the debt settlements, and our recommendations are unanimous. While some may believe our recommendations too lenient and others too harsh, I know

that it is the honest judgment of the commission that they are just settlements in the real interests of our country. The President has approved each settlement.

Mr. COLLIER. Mr. Chairman, and gentlemen of the House, I wish at the very outset of my remarks to congratulate the gentleman from Georgia [Mr. CRISP] upon the splendid presentation that he has made of his side of the question. He has gone into it exhaustively, and I feel that congratulations are due him. It is with genuine regret that I find myself unable to agree with the majority of the members of the committee in this debt settlement now before the House. I know how important it is that these foreign debts be settled as soon as possible, because the speedy settlement of these debts will tend toward a general stability of international finance. I am not unmindful of the great importance of the European markets to the American exporter, and with that end in view I would make many sacrifices in these debt settlements, but I can not at this time at least find myself able to agree to go as far as the majority of the members of the committee have in this Italian settlement.

I agree with the gentleman from Georgia [Mr. CRISP] that the settlement of these debts is no political matter, it is not a partisan matter. The personnel of the American debt commission commands my highest respect. Two distinguished Members of this body are on that commission. The gentleman from Ohio [Mr. BURTON] and the gentleman from Georgia [Mr. CRISP] have given their time and their labor without stint to this work, and I know that I voice the sentiment of all when I say that they, together with other members of the American Debt Commission, have done what they believe to be for the best interests of our country. I have no criticism to direct against them, nor have I aught to say concerning the Government of Italy, other than to congratulate that Government upon the appointment of a debt commission which has been able to secure such advantageous terms in the settlement of its foreign obligations.

Let us briefly review the history of these debts. During the war and after the war the United States loaned to its allies sums of money aggregating about \$10,000,000,000. These loans at first bore interest at the rate of $3\frac{1}{2}$ per cent, which was subsequently raised to 5 per cent. The United States had to borrow this money from the American people in order to loan it to our allies. When the United States borrowed this money from our citizens, the Government gave them as security for these loans Liberty bonds of various issues. The first issue bore $3\frac{1}{2}$ per cent interest, the second issue 4 per cent, and the third and fourth issues $4\frac{1}{4}$ per cent. When the Government borrowed this money from the American people to lend to our allies we assured them that they would lose nothing on account of these loans, because the Government would require the foreign nations to pay back to us the money we loaned them at the same rate of interest and in the same period of time we gave to the purchasers of our Liberty bonds. In other words, we told the American people that when we gave them a bond for \$1,000 for a sum to lend to our allies that we would take from our allies another bond identical with the ones we gave to our people.

This promise was made by the administration; it was made by the Congress; it was made by patriotic orators on the stump, on the streets, in the theaters, in the public halls, and in other places during the drives to sell these Liberty bonds. According to these terms and on these conditions the United States loaned nearly \$10,000,000,000 to some 20 nations. After the war was over we found that financial conditions were in such a chaotic state that it was impossible for us to comply literally with the assurances that we had made to the American people. Why, even in the United States financial conditions were in disorder. Many of our citizens had purchased Liberty bonds far beyond their capacity to own them. Small initial payments had been made and the banks carried the remainder generally at 8 per cent. Distressing sacrifices were made by many of our American citizens in the purchase of those bonds in their patriotic ardor to help their country and to win the war. The widow gave her mite, the school-teacher paid her part, the dressmaker her portion, and even the children contributed of their means, all purchasing the Government's promise to pay in order to loan this money to the Allies so that we could carry on the war. It was well known after the war was over, it was generally known throughout the country, that many of the holders of these Liberty bonds would have to dispose of them as soon as they consistently could. They did not have the means to make the additional payments which were due upon those bonds, and consequently the small bondholders soon began to sell. Immediately the bonds began to go down and in a short time went down to 84. The holders of Liberty bonds worth \$100 then not only lost the \$16 by reason of the bonds going down, but the

interest they would have to pay on the amount still owed upon those bonds. A short time afterwards the bonds went back nearly to par. Now, my friends, I am not charging this as a result of a collusion among the big interests of the country to depress the price of these bonds so they could buy them in below par.

I am not criticizing any man or set of men for such a condition. All I know is that such a condition existed, and I am mentioning this simply to refer to the fact that if financial conditions in the United States were in such a state of disorder that in the rest of the world they were infinitely in a greater state of disorder. Consequently at that time we could not expect to collect even the interest on what the foreign countries owed us. The first country to make a settlement with us was Great Britain, and I want to pay my tribute to that country for coming here voluntarily as she did and making a settlement. I did not support the British settlement, and I was denounced on the floor of this House and in the press of the country as a Shylock demanding the full pound of flesh. I did not object then, nor do I object now to the extension of the time of payment to 62 years, though why 62 years instead of 60 or 65, 55 or 50, should have been the exact length of time as set forth in all of these American debt settlements is a mystery the solution of which is doubtless known only to the members of the commission. We made a good settlement with England, but I believe we could have made a better one. We canceled \$807,000,000 of the British debt. We surrendered 18 per cent of that debt. Great Britain owed us \$4,600,000,000. If Great Britain had bought \$3,792,640,000 of our $4\frac{1}{4}$ per cent bonds and held them for 62 years, that transaction would have settled the entire British debt. I repeat we made a good settlement with Great Britain and Great Britain made a good settlement with us. The automobile industry is perhaps the greatest industry in America. Automobiles are useless without rubber.

America is the greatest rubber-using country in the world, and Great Britain is collecting annually from us from the export tax on rubber a sum nearly twice as much as the amount she annually pays us on this debt settlement. We canceled \$1,000,000,000, and unless something is done to change the conditions in the rubber situation the American people themselves will pay the remainder of the British debt. When the British settlement was before the House the gentleman from Ohio [Mr. BURTON] not once, not twice, but three times emphasized that one of the compelling reasons why we should make a surrender of 18 per cent of the British debt was because that settlement would be used as a criterion by which the debts of other nations would be settled, and it would be a model that would measure each and every settlement we would make with other debtor nations. Using the British settlement as a standard, we settled with Finland, we settled with Hungary, and we settled with Lithuania. The settlement with Poland differed slightly, only by reason of deferred payments. The general principle of 3 per cent interest and $3\frac{1}{4}$ per cent interest was maintained in each and every one of those settlements, and it is maintained in the four or five other debt settlements which are coming up in this House immediately after the disposition of the Italian debt settlement.

The Italian offer does not even remotely resemble the British settlement or the settlements made with any of the other countries in the past. It does not even approximately approach the settlement we are going to make with other countries within this week following the passage of this bill. Aside from the injustice to other nations which have made reasonable settlements with the United States, I think that it is unwise for us at this time to accept the Italian settlement, because of the fact that there is still pending settlements among other nations of debts due amounting to over \$4,000,000,000. We all know that the very moment the Italian settlement is accepted the British settlement, which heretofore has been used as a model and standard by which to measure other settlements, will be discarded, and the Italian settlement will be the one by which all other settlements will be measured.

Mr. Mellon is right when he says that a debtor has no right to prefer one creditor over another. But the creditor has the right to treat each of his debtors separately; that as a creditor nation we would have the right to insist upon full payment from one debtor, extend time to a second, and cancel the indebtedness of a third, and no one of the three debtors would have any right to complain about the transaction. That is true, and that has doubtless happened many a time in transactions between individuals. But there is a vast difference between transactions between individuals and transactions between nations. In transactions between individuals, if the individual upon whom demand for payment in full has been made is solvent, whether he feels aggrieved or not at more favorable consideration shown other individual debtors, the

courts of the land will compel him to make settlement. But there is no court other than the arbitrament of arms to compel an aggrieved debtor nation to discharge its obligations. And that is a court to which for a mere debt, no matter how large it might be, we would never appeal. Again, in individual transactions for the most part, the details of each individual settlement are known only to those directly interested in such matters, and rare, indeed, would be the occasion where other debtors would have real knowledge of the transactions of other individuals, because it would not be their concern. In transactions between nations the press carries every detail of the settlement.

Here is the United States engaged in the settlement with a foreign debtor nation. Every other debtor country is intently following every move made by the members of the American Debt Commission and the foreign debt commission. Each concession that we make is noted by them, in the hope that they, too, will get the same concessions in the settlement of their debt. So, I repeat: The very moment the Italian settlement is made the British settlement will no longer be the standard for the settlement of these debts, but the Italian settlement will then be the basis for each succeeding settlement. Of course, the Secretary of the Treasury is right when he says we have the right to show gross favoritism to certain debtors. No one can question the right, but the wisdom of such a course may, indeed, be questioned.

Now, let us review a brief analysis of the Italian debt. I am not going to detain you very long with these facts and figures I will present to you.

The amount owing to us by Italy is \$2,042,000,000, of which over \$616,000,000 was borrowed from the United States after the war was over. We have agreed to settle with Italy by taking her note for 62 years for the full amount of the debt. Partial payments are to be made and interest rates are to run as follows: For the first 5 years no interest will be charged; for the next 10 years the rate is fixed at one-eighth of 1 per cent; for the next 10 years one-fourth of 1 per cent; for the next 10 years one-half of 1 per cent; for the next 10 years three-fourths of 1 per cent; for the next 10 years 1 per cent; and for the succeeding 7 years 2 per cent.

The amount of the principal annual installments during the first five years shall be \$5,000,000. The amount of the principal installment during the sixth year shall be \$12,100,000, the subsequent annual installment increasing until in the sixty-second and last year it shall be \$79,400,000. All of these installments are set out in the documents.

These are the terms which were offered to Italy by the American Debt Commission.

What is the interest that the American taxpayer has in this settlement? The direct interest that the American taxpayer has in this Italian debt settlement is the extent to which the amount of the Italian payments will relieve him from the amount of tax imposed to provide the interest paid on the bonds we issued to borrow this money to lend to Italy. To put it another way, the American taxpayers' forced contribution to the Italian Government is the difference between the $4\frac{1}{4}$ per cent interest on the bonds we issued and the amount Italy pays in return interest on this loan. I know of no other criterion by which the American taxpayers' interest can be determined; and according to that criterion, this debt represents a total value of \$538,000,000. In other words, the American taxpayer is forced to carry 75 per cent of the burden of Italy's indebtedness to the United States, whereas the Italian taxpayer carries only 25 per cent of this burden.

Listen! If the Italian Government should purchase \$538,000,000 of our $4\frac{1}{4}$ per cent bonds, at the end of 62 years those bonds would pay off the entire indebtedness. It would be true that Italy would pay us the principal of \$2,042,000,000. The gentleman from Georgia, Judge CRISP, says we are lucky when we get the principal. Oh, yes; but do we get the principal? The American taxpayer pays in interest either to the Italian Government if they should buy \$538,000,000 bonds, or to anyone else who holds them, the sum of \$1,504,000,000 on this transaction. If Italy should buy \$538,000,000 of American bonds the interest paid to Italy in 62 years by the American taxpayers on the bonds held by Italy would exactly cancel the debt.

We have heard much to-day about Italy's capacity to pay. Of course, you gentlemen realize that those of us who have not had the good fortune to meet the Italian Embassy when it came over and to be intimately connected with men who have great familiarity with international affairs are handicapped when it comes to our intimate knowledge of the financial condition of Italy or any other foreign country.

I have never been to Italy as some of the gentlemen here have, and I have little or no knowledge of Italy's capacity

to pay her debts other than what I can learn from documents and newspapers and official statements made to the committee.

The Secretary of the Treasury tells us that even these small payments will tax Italy's capacity to the very utmost, and they bring forth a number of documents written in Italian to show that the Italian Government and the Italian people are in dire straits. If that be true, I am as sorry and as regretful as anyone in this House could possibly be that Italy is in such a condition. But I want to say this to you, my friends, that before the ink was dry on the acceptance of the American debt commission's offer by the Italian commission, the Italian debt commission rushed to New York and was able to borrow from Morgan & Co. the sum of \$100,000,000 and agreed to pay them, according to the testimony in the hearings, a rate of interest anywhere from 7 to 8 per cent.

For the ensuing five years Italy's capacity to pay the United States on the money she borrowed from us, of which over \$600,000,000 was borrowed after the war—her capacity to pay interest to us consists in not one dollar, yet during those five years her capacity to pay interest to Morgan & Co. consists in the aggregate sum of \$40,000,000. [Applause.] Italy's capacity to pay the United States during the first six years on every \$100 borrowed from the United States amounts at the end of those six years to a total aggregate of $12\frac{1}{2}$ cents—not $12\frac{1}{2}$ cents on the dollar, but $12\frac{1}{2}$ cents on \$100 for the entire six years. Italy's capacity to pay Morgan & Co. for six years on the same amount, \$100, aggregates in interest, \$48. We get $12\frac{1}{2}$ cents, Morgan & Co. get \$48. Italy's capacity to pay the United States interest on \$100 for 15 years amounts to the sum of \$1.25. Italy's capacity to pay Morgan & Co. during that same period of time, on exactly the same amount, will total in interest \$120. Italy's capacity to pay us interest on \$100 for 25 years will, at the end of that 25 years, total an aggregate amount of \$3.75, yet, during that same period of time, on the same amount, Italy is able to pay Morgan & Co. a total interest of \$200, or twice the amount of the money borrowed. In 25 years, on \$10,000 borrowed from the United States, Italy will pay us in interest on the full amount of \$10,000, only \$375; during the same time she will pay to Morgan & Co. interest on the same amount of \$10,000, an aggregate amount in interest of \$20,000.

They tell us that Italy had to borrow this money from Morgan & Co. That may be true, but I want to show that Italy is not the destitute country she is claimed to be if she can, in the next 25 years, agree to pay to Morgan & Co., in interest alone, \$200,000,000.

Let us contrast this interest Italy pays us with what we have to pay on the money we borrowed to make this loan. For the next five years Italy's capacity to pay us is limited to nothing, yet the United States, during those five years, pays in interest, on account of the money we borrowed to lend to Italy, over \$400,000,000, or \$25,000,000 more interest than Italy will pay us during the entire 62 years. We pay in five years, on the money loaned Italy, over \$400,000,000 and receive in exchange from Italy no interest, and only \$25,000,000 on the principal.

Italy's capacity to pay interest to the United States during 10 years on every \$100 she borrowed from us amounts only to $12\frac{1}{2}$ cents, and yet during that time we will have to pay to the holders of the Liberty bonds we sold in order to get this money to lend to Italy over \$24. We get back from her $12\frac{1}{2}$ cents and we pay out over \$24 on every \$100 we loaned her. I am only calculating this interest we pay at 4 per cent instead of $4\frac{1}{4}$ per cent, which we really pay. Italy's capacity to pay interest to the United States on every \$100 borrowed from us for 15 years totals an amount in interest of only \$1.25, and yet we have to pay to the holders of those Liberty bonds for the same amount we loaned to Italy the sum of over \$60. Italy's capacity to pay the United States on every \$100 for the next 25 years is only \$3.75, and yet during that time we have to pay on the principal we loaned to Italy a sum in interest equaling the amount of over \$100. In 25 years, on \$10,000 borrowed from the United States, Italy will pay us interest during all of that 25 years for all of that \$10,000 only \$375, and yet we shall have to pay to the holders of the bonds, for the money we borrowed to loan to Italy on the \$10,000, the sum of over \$10,000 in interest.

We get from Italy in interest \$375, and we pay out in interest on account of this loan over \$10,000.

During the entire 62 years the interest Italy pays to the United States will total about \$369,000,000, or about 0.043 of 1 per cent.

If the United States should not be able to redeem and pay off the bonds we issued to loan this money to Italy during

the time Italy promises to pay us, which is 62 years, the United States will pay interest, on Liberty bonds on the \$2,042,000,000 we loaned to Italy—interest alone—in the amount of \$5,064,160,000.

If these conditions were to prevail, the United States would receive in interest from Italy the sum of \$369,000,000, and the United States would have to pay in interest on account of Italy's loan the sum of \$5,064,160,000, or two and one-half times the amount of the original loan to Italy.

The fact that during the next 30 years—and I want to say that the gentleman from Tennessee [Mr. HULL] has emphasized that in his report—Italy pays us only such an inconsiderable portion of this debt is, to my mind, one of the chief objectionable features. The payments for the first 20 or 25 years during the present generation are ridiculously small, but after that these payments increase so much each year that I think Italy will find it absolutely impossible to comply with them, so that the result will be that we shall then have to be called together and make new settlements.

They tell us that Italy is without natural resources. Surely I thought our friends had forgotten, until the gentleman from Georgia [Mr. CRISP] made the statement, that Italy produces some raw silk. She is one of the great raw silk producing countries of the world. I want to tell the Members of the House another thing. The savings deposits of the people of Italy are four and a half times as large as they were before the war. No country in all Europe, unless it be Rumania, can compare with Italy in its wonderful water-power possibilities. Hundreds of millions of dollars are taken annually to Italy by tourists, and those hundreds of millions of dollars are largely increasing each year, so that the tremendous amounts of money which are taken there annually by those who visit that beautiful and attractive land are certainly one of Italy's most material assets. Surely Italy is not destitute of all those things which go to make up a nation's greatness.

As I stated awhile ago, we have not the facilities for knowing much about these loans. I want the Members of the House to know that while we held hearings and had an opportunity to have the witnesses confront us and to cross-examine them, with that exception you Members of the House have the same sources of information we had. All the information we had is comprised in the two days' hearings which are printed and available to every Member. Be that as it may how about the reparations Italy is going to get from Germany in the way of damages? She received 16,000,000 American dollars from Germany last year. Members get up here and talk about lira and about marks. I do not know just what they mean. I am talking about American dollars, and I got these figures from the Assistant Secretary of the Treasury, Mr. Winston.

Last year she got \$16,000,000. This year Italy will get in damages from Germany \$20,000,000 enough to pay her installments on the American debt for four years. Next year she will get between \$18,000,000 and \$19,000,000. The next year she will get in damages from Germany \$32,000,000; and mark you, gentlemen, for 36 years thereafter she will receive in damages from Germany annually the sum of \$47,000,000.

During the next five years Italy pays the United States no interest. She will pay us five annual installments of \$5,000,000 each and they tell us that is all of her capacity to pay, and yet during the next six years she will receive in damages from Germany \$164,000,000. Twenty-two years before the last payment which Italy has promised to make us is due and payable she will have received from Germany in damages, according to the statement of Mr. Winston, as outlined by the Dawes commission, the sum of \$1,778,000,000, or nearly the total amount which Italy owes the United States, and yet in view of the pending settlements which we have with other debtor countries they come here and tell us we should cancel 75 or 76 per cent of the Italian debt because of their inability and their incapacity to pay.

My friends, I do not want to be harsh on any of our allies. If these gentlemen are correct in their assumption that this is all of Italy's capacity to pay, I ask you as sound business men, knowing we had a settlement looming before us of practically \$4,000,000,000 with a country which we know has the capacity to pay, I ask you as good business men, was this the time to make the settlement?

Ah, they tell us we have got to make this settlement in order to sell our products in Europe; that it is more important to us, says Mr. Mellon, to have a European market than to settle these debts. That being so, why did they not settle with France? They ask us in indignant inquiry, Can you expect Italy to settle like Great Britain did? Do you think, as Judge CRISP said, that Italy is on the same financial basis as Great Britain. No; I do not think that Italy is, nor do I think Poland is on the same basis that Great Britain is,

nor Lithuania, nor Hungary, nor Finland; but each and every one of them agreed to pay their 3 and 3½ per cent interest. If Italy was unable to do this, why not grant a moratorium and not jeopardize further settlements with countries which may be able to make reasonable settlements? We have given moratoriums; we have practically canceled some debts. According to the statement of the gentleman from Ohio [Mr. BURTON], the indebtedness of Armenia and of Russia are out of the picture, and I have no doubt the gentleman is eminently correct. We gave Austria a moratorium of 20 years, and we are giving Italy practically a moratorium of five years when we collect from Italy only \$25,000,000 in five years, on which sum we have to pay the American people on account of lending this money to Italy over \$400,000,000 in interest.

We have postponed the settlement with France because we could not agree on the terms of the settlement. If we did that, we could as well have postponed this settlement until the financial conditions in Europe and Italy became clearer.

I am not standing here demanding the pound of flesh from Italy. I am not standing here demanding that the iron heel of tax oppression be put upon a people who are not able to pay; but I ask you, Was this the time, with the other debt settlements pending, debts of nations that had a capacity to pay and owed us twice as much, one of them, as Italy owes us—was this the time for us to adopt a new standard by which the other debts would be settled?

I believe that Italy is one of the great countries of the world, and that they do her an injustice when they tell us that she is so utterly destitute of those things which measure a nation's material greatness.

Italy is a land rich in the historic memories of the past, and from the remotest antiquity has been one of the world powers.

There was a time when the tread of her legions shook the earth, when her navies swept the seas, and when all nations paid her tribute and all civilization acknowledged her supremacy.

It was the Gracchi who, long before the beginning of the Christian era, laid down their lives in defense of civil liberty. Romulus and Remus, Cæsar and Antony, Cassius and Pompey, Augustus and Brutus, Cincinnatus and Cicero, Scipio and Cato, Titus and Justinian, Vespasian and Constantine, Livy and Virgil, Horace and Garibaldi are names that are but reminders of her former greatness.

Out of the decline and fall of her temporal power as the imperial mistress of the world, "Christianity issued to supersede the Cæsars."

Nor is modern Italy lacking in power and in greatness. She is to-day the fourth shipbuilding country in the world. The savings deposits of her citizens are over four and one-half times as large as they were before the war. Her sons contributed materially to the Allies' success in the titanic struggle with Germany, and they bought with their blood seaport towns, strategic passes, and territory in Africa which the peace treaty gave to Italy.

Yet we are told by the gentleman from Georgia [Mr. CRISP] that these seaports and these strategic passes and the territory in Africa were given to Italy and received by Italy, not for any real material advantage but because of the sentiment that was involved in the matter.

I want to repeat, my friends, I would not by my vote tax the resources of Italy or any other country beyond their capacity to pay, but I believe that at this time when the financial skies of Europe are still cloudy and unsettled and Italy is unable to make a reasonable settlement we should wait one year or two years or five years until the financial atmosphere of Europe shall have been cleared and a more equitable and a more economic agreement can be made.

Mr. KINCHELOE. Will the gentleman yield?

Mr. COLLIER. I will.

Mr. KINCHELOE. I did not have the pleasure of hearing all the gentleman's speech. It has been stated here that Italy's wealth is about \$22,000,000,000 and her debt about \$4,000,000,000. How does that compare with other debtor countries that have made settlements with the United States; is it more or less?

Mr. COLLIER. I have not the actual figures at hand, and, of course, we can not compare the financial condition of England with that of Italy or any other country in Europe because of the immense colonies England owns and the great wealth of that country. You heard the gentleman from Georgia [Mr. CRISP] when he gave the amount of the national wealth of the different countries. You found that the national wealth of Great Britain was largely in excess of that of any other country.

Mr. BLACK of Texas. Will the gentleman yield?

Mr. COLLIER. I will.

Mr. BLACK of Texas. I was impressed with that part of the gentleman's argument where he said the Italian debt settlement will be taken as a precedent or urged as a precedent for the settlement of the French debt. Secretary Mellon of our commission made Mr. Caillaux an offer that was rejected during the negotiations. Can the gentleman remember what the value of that settlement was calculated in the same way as the other figures that have been given?

Mr. COLLIER. I have no knowledge of that because it never came before the committee.

Mr. CRISP. If the gentleman will allow, I can make a statement.

Mr. COLLIER. I will be glad to permit the gentleman from Georgia to answer that question.

Mr. CRISP. I can not give exactly all the figures of the different propositions between the French commission and the American commission, although I have them in my office and would be glad to have the gentleman see them; but we never could reach that point with the French commission because the French commission insisted as a condition precedent that in any settlement there must be what they called a safeguarding clause—that if the German reparations failed the settlement was vacated or if there was any national emergency in France the settlement was open. The American commission would not agree to any safeguards of that kind and would not agree to any settlement that was not a complete settlement, and therefore we could not get right down to terms.

Mr. CONNALLY of Texas. Will the gentleman yield?

Mr. CRISP. I would be glad to yield, but I do not want to take up the time of the gentleman from Mississippi.

Mr. COLLIER. I will yield to my friend from Georgia.

Mr. CRISP. Well, I will answer any question that may be asked me.

Mr. CONNALLY of Texas. Can the gentleman tell us briefly whether or not the financial offer made by this Government to France was more favorable or less favorable than the Italian settlement?

Mr. CRISP. The attitude of the American commission in dealing with France was that France's capacity to pay was a great deal larger than the capacity of Italy to pay. The Italian settlement is lower than any offer we made France.

Mr. SCHNEIDER. Will the gentleman yield?

Mr. CRISP. I will yield.

Mr. SCHNEIDER. The gentleman talks about the capacity of the Italian Government to pay—in the floating of the \$100,000,000 loan in New York I noticed in the CONGRESSIONAL RECORD, page 1560, that the Minister of Finance, Volpi, has a statement which is used by those selling the bonds issued by the Italian Government to the American people, and that statement does not square very well with the statement of the gentleman from Georgia about Italy's capacity to pay. If they are so poor and can not pay, does not the gentleman think that the Government should prohibit the investors from buying those bonds and not permit the statement of the minister to go out to help sell the bonds?

Mr. CRISP. In the first place I do not think the Government is the guardian for the American investors who desire on their own initiative to make investments in Italian bonds. I think the American investor must act for himself, and if he can not he should have a guardian. [Applause.] That statement the gentleman refers to shows a small balance over the budgetary expenditure required for Italy. Italy has \$7,000,000,000 of indebtedness owing to the Italian people, and Italy, of course, must pay on her domestic indebtedness as well as on her foreign indebtedness. Owing to the depreciation of the lira, the seven billions owing by the Italian Government to its own citizens has been reduced between 73 and 80 per cent.

The Italian Government must make some payment on its indebtedness to its own people as well as payments on its foreign indebtedness. Now, my friend from Mississippi has said a good deal about Italy paying more on account of the reparations she received from Germany. The bigger part of what Italy receives on account of reparations is not in cash but in coal which she has to have for her industries. As I said in my argument, the balance of trade against Italy is \$274,000,000. Italy must import half the food that her people eat; she must have some method of transferring the credit to pay for this food. No self-respecting nation on earth will take all of its means of transferring credit to pay its international indebtedness and let its men, women, and children starve for something to eat. [Applause.]

Mr. COLLIER. Now, Mr. Chairman, I want to say something in reference to what the gentleman from Georgia [Mr.

CRISP] has said, and perhaps which was unfair for me not to mention, but it did not occur to me. A good deal of the reparations may come in coal instead of in money, but if the Kingdom of Italy preferred to take coal instead of taking money, or took the money and then had it turned into coal, what is the difference? Then, again, when the Kingdom of Italy buys the coal, is she going to give it to the industries there, or are the industries going to pay the Italian Government what amount the coal represents in dollars?

Mr. CHINDBLOM. Mr. Chairman, will the gentleman yield?

Mr. COLLIER. I first promised to yield to the gentleman from South Carolina.

Mr. McSWAIN. Mr. Chairman, will the gentleman yield?

Mr. COLLIER. Yes.

Mr. McSWAIN. This question may seem very simple, coming from a novice, not a member of either the Committee on Ways and Means or of the Debt Funding Commission, but am I correct in assuming that we now have the obligation of Italy?

Mr. COLLIER. For these amounts?

Mr. CRISP. I can answer the gentleman by saying yes. We have obligations drawing 5 per cent interest long past due with no payments on it.

Mr. COLLIER. They pay us about 1 cent a year, I think, on a hundred dollars, and we are paying about forty times that much.

Mr. McSWAIN. Am I correct further in assuming that if this refunding proposition goes through we will have nothing but another and different obligation from Italy?

Mr. COLLIER. No; I think that is something that is hardly warranted. When we first took these promises to pay from the various foreign governments during the Wilson administration, the promises were, what were called by some, due bills. The Liberty loan acts were set out in the promises to pay, which were signed by the representatives of the various governments, and after the war, when it was found that it was impossible for these nations to settle according to the conditions of the bonds they made, Congress authorized the appointment of the present Debt Funding Commission to go in and make settlements with these foreign governments.

Mr. McSWAIN. But this is the proposition: Whatever is promised by these settlements to be paid during all this long period of time must be appropriated annually by the Parliament of Italy or the parliament of any of the other debtor countries, must it not?

Mr. COLLIER. They must do it if they want to live up to their obligation.

Mr. McSWAIN. Then, suppose there be a change in the administration in Italy, and it is succeeded by an administration that does not think that it is able to pay as much as even the present administration promises to pay, will that parliament, if it is not backed up by adequate sentiment, be forced to pay this continuing obligation?

Mr. COLLIER. Of course, the gentleman is just as able to answer that question as I am.

Mr. McSWAIN. I do not know. I have not got the light. I am not a member of this commission.

Mr. RAINEY. Mr. Chairman, will the gentleman yield to me to answer the question?

Mr. COLLIER. Yes.

Mr. RAINEY. Mr. Chairman, in reply to that question I desire to say that there are two parties in Italy. The leader of one of those parties is now in exile in France, exiled by the present Government. He has said, referring to the Morgan loan, and perhaps also to this—

We shall not pay it back when we in Italy are free again.

That is Prof. Gaetano Salvemini.

Mr. McDUFFIE. Then the only way that we will get it would be to go to war.

Mr. HUDSPETH. Mr. Chairman, will the gentleman yield?

Mr. COLLIER. Yes.

Mr. HUDSPETH. It was brought out by the gentleman on page 11 of the hearings on this matter that Great Britain's condition has turned out to be better than it was expected it would be.

Mr. COLLIER. Yes.

Mr. HUDSPETH. And a better settlement might have been made with Great Britain if it had been realized that she would be in this condition in which she is to-day.

Mr. COLLIER. Exactly.

Mr. HUDSPETH. And it is now said that Italy is not in the condition to make a better settlement at this time, and that the probability is that she would not be.

Mr. COLLIER. Of course, no one can tell what the future will bring forth, but the general common-sense view of the proposition is that the further we get away from the great war with its cost of blood and treasure, the better economic conditions will prevail. I yield now to the gentleman from Illinois.

Mr. CHINDBLOM. I understood my colleague to say a moment ago that if Italy chooses to accept coal in payment from Germany instead of gold that that is Italy's affair, or something to that effect. In order to clarify that situation, is it not a fact that under the Dawes reparation agreements Germany has a right, at her option, to pay in material, in coal, or any other material?

Mr. COLLIER. That is a fact, and if Italy needs the coal she has got to buy it from Germany, what particle of difference does it make whether Germany gives her a hundred dollars in cash or a hundred dollars in coal, if she has to buy \$100 worth of coal anyway. [Applause.]

Mr. CHINDBLOM. I will tell the gentleman what difference it makes. Italy can not take that coal and give it to us.

Mr. CARTER of Oklahoma. Does she not need it in her industries? And if she does, she will have to use it anyway.

Mr. CHINDBLOM. She needs it in her industries.

Mr. BARKLEY. Mr. Chairman, will the gentleman yield?

Mr. COLLIER. Yes.

Mr. BARKLEY. In view of the suggestion made a moment ago by the gentleman from Illinois [Mr. RAINEY] to the effect that the minority party in Italy, whose leader seems to be in exile in France, proposes not to pay this debt at all if they get into power, what are we to gain by rejecting this settlement and postponing it until that party comes in which will make no settlement at all? [Laughter.]

Mr. COLLIER. My answer to that question is that I do not know anything about what those different parties are going to do in Italy. The gentleman must propound that question to the gentleman from Illinois [Mr. RAINEY] and not to me, because I am not familiar with the political history of Italy.

The CHAIRMAN. The time of the gentleman has expired.

Mr. COLLIER. Mr. Chairman, I yield myself some more time. [Laughter.] I yield myself 10 additional minutes.

Mr. Chairman, I am trying to discuss this matter from a purely economic standpoint as to whether or not we have made a good settlement. Now I yield to the gentleman from Alabama [Mr. HUDDLESTON].

Mr. HUDDLESTON. The question has been asked what we save if we reject this settlement. Based upon the proposed settlement as a predicate the Italian Government has already borrowed \$100,000,000 from the people of the United States, and they expect to use this settlement as a predicate for additional borrowings. And what we will save if we reject this settlement will be the hundreds of millions of dollars which the Italian Government would borrow from us before an occasion for default will arise under this settlement. The Mussolini Government is a revolutionary government, and it is riding for a fall either from internal or from external explosion or from a foreign war, and probably both. All that we will probably lose by rejecting the settlement are the trifling payments which we hope to receive before the Mussolini faction comes to the end of its mad career.

Mr. COLLIER. What we may lose by accepting this settlement now might be a mere bagatelle to what we would lose in the future in a debt settlement with a country which has a much larger capacity to pay.

Mr. STEAGALL. Will the gentleman yield?

Mr. COLLIER. I will.

Mr. STEAGALL. I would like to ask what the total reparations are to be paid by Germany to the debtor nations annually?

Mr. COLLIER. I have not got here the full amount of all of them.

Mr. STEAGALL. I want to ask the gentleman the amount of reparations to be paid to those nations by Germany and by the side of it to give figures showing how much those nations are to pay us annually?

Mr. COLLIER. I can give the figures in this settlement.

Mr. STEAGALL. I want to know what share we are getting.

Mr. RAINEY. If the gentleman will permit, in 1927 Germany pays in reparations \$600,000,000 to all these debtor nations to whom she owes it. They get it. In 1927 all of these debtor nations who now owe us will pay us back \$220,000,000.

Mr. STEAGALL. So we get about one-third?

Mr. BURTON. If the gentleman will allow, I must correct the statement of the gentleman from Illinois. The Dawes plan provides for the payment of 1,000,000,000 gold marks in the year ending August 31, 1925. That has all been paid. In the year 1926, the pending year, 1,220,000,000 gold marks. In 1927, 1,200,000,000 gold marks. In 1928, 1,750,000,000 gold marks. In

1929, 2,500,000,000 gold marks. The gold value of the mark is 23.8 cents, so that in the year which has just passed they have paid \$238,000,000, and this year they will pay more than that.

Mr. RAINEY. Will the gentleman give that in American dollars?

Mr. BURTON. At 23.8 cents, one-fourth of a dollar, roughly speaking, though it is not that much, it would be in 1926, if the mark is worth 25 cents, \$305,000,000. In 1927, \$300,000,000. It is about 5 per cent less than those figures.

Mr. STEAGALL. Will the gentleman yield for another question?

Mr. COLLIER. For a brief one, because already I have taken more time than I anticipated.

Mr. STEAGALL. I want to ask for what period of years are the German reparations spread over?

Mr. COLLIER. Forty years.

Mr. STEAGALL. We now extend Italy's debt 62 years with the largest payments at the end of the period?

Mr. COLLIER. Certainly. Now, Mr. Chairman and gentlemen of the committee, I have already taken up about twice as much time as I expected, and I have only one brief observation. The gentleman from Georgia [Mr. CRISP] in very beautiful language drew a dreadful picture of what would have happened had we lost the war, and that these debts would then have been worth absolutely nothing. Well, I do not think these debts or anything else much of a financial nature in our country would have been worth much had we lost the war, but the fact that we engaged in a joint undertaking with another country and did not lose, is certainly no reason why we should make a settlement so absolutely unwarranted as this one is.

Mr. JONES. What would we have done if we had lost the Revolutionary War?

Mr. COLLIER. Oh, that is going back farther than I am going. It is too late. I want to repeat, for the second or third time, that I do not want to be hard on any particular foreign debtor. I do not want to impose hard times and undue hardships on Italy. She was our faithful ally in that common struggle that we waged so that the republican institutions of government might be preserved and so that liberty might not perish from the earth. I wish to every one of our allies good luck and God speed.

Mr. SCHAFER. Mr. Chairman, will the gentleman yield for a question?

Mr. COLLIER. Yes.

Mr. SCHAFER. Is the dictatorship of the Italian Government in accordance with the spirit of republican principles?

Mr. COLLIER. I do not know anything about those matters over there. Of course, I will answer that a dictatorship in no government, generally speaking, conforms to republican principles.

Mr. CARTER of Oklahoma. Mr. Chairman, will the gentleman yield?

Mr. COLLIER. Yes.

Mr. CARTER of Oklahoma. With respect to the ability of Italy to pay—I am asking the question simply for information, because I know practically nothing about it—what amount is Italy able to pay annually on her war budget? Can the gentleman tell us that?

Mr. COLLIER. In justice to Italy, I can say, while I have no particular information, yet my information is that Italy is paying a less proportion on her war budget than the other countries of Europe. That is the information that I get from my friend on the commission, Judge CRISP. Of course, we know it to be correct when he has made the statement.

Mr. WEFALD. Mr. Chairman, will the gentleman yield?

Mr. COLLIER. Yes.

Mr. WEFALD. Is it not a fact that Italy to-day is practically an armed camp owing to these Fascisti?

Mr. COLLIER. I read from the press that they are having struggles, but just how sufficiently armed that country is I do not know.

Mr. SCHAFER. Mr. Chairman, will the gentleman yield to a question for information?

Mr. COLLIER. Yes.

The CHAIRMAN. The time of the gentleman from Mississippi has expired.

Mr. COLLIER. Mr. Chairman, may I have five minutes more?

The CHAIRMAN. The gentleman from Mississippi asks unanimous consent to proceed for five minutes more. Is there objection.

There was no objection.

Mr. SCHAFER. If the financial condition of the Italian Government is as stated by our colleague [Mr. CRISP], do you not think that our Federal Government should take prompt and

strong action to prevent the American people from purchasing the bonds of the Government of Italy from these international bankers?

Mr. COLLIER. Well, I think when it comes to the American people making business investments, they have been able to take care of themselves pretty well without the Government looking after them. [Laughter.]

Mr. SCHAFER. But in Mexico we find that our Federal Government to-day is taking drastic action to protect the rights of American investors.

Mr. COLLIER. The gentleman is probably more familiar with that than I am.

Now, gentlemen, I shall not yield to anyone further. I must conclude. I want to say again that I wish all of our foreign allies good luck. I realize the great sacrifices they made in blood and treasure in carrying on the war. But for myself I owe all my allegiance to the United States, whose interests I have sworn to protect as best I can. Before being generous to others we must first be just to ourselves. When I think of the sacrifices made by the American people in the purchase of these Liberty bonds, I can not agree to a settlement with any foreign country at a time when the financial atmosphere of Europe is still clouded and unsettled and when future debt settlements of such importance are to be made—I can not agree to any settlement which not only means that a billion and a half dollars must be taken from the American taxpayers on that particular settlement, but which settlement may be used as a basis for future settlements which may cost the American taxpayers many more billions of dollars. [Applause.]

Mr. GREEN of Iowa. Mr. Chairman, I yield 50 minutes to the gentleman from New York [Mr. MILLS].

The CHAIRMAN. The gentleman from New York is recognized for 50 minutes.

Mr. MILLS. Mr. Chairman and gentlemen, I hope that there may be no questions asked until I have completed this statement. The question before the Congress is strictly a business question. You are sitting to-day as the board of directors, let us say, of a great corporation, called upon to decide upon the character of a settlement to be made with a debtor unable to pay in full. You can only decide that question for the best benefit of the people whom you represent if you use your best business judgment, free from prejudice of any kind. Therefore I hope that the House will put where they deserve to be put the Mussolini argument, the rubber argument, the rebuilding of imperial Rome argument; throw them aside. They are simply intended to influence your judgment, to muddy the water, and make it impossible for you to use the cool-headed judgment necessary if you are going to protect the best interests of the United States. This is a business question. The Congress of the United States should settle it as the representatives of a business people.

In passing on the merits of this proposed settlement I take it for granted that the House can not and will not attempt to consider the details. We are hardly in a position to determine, for instance, whether the rate of interest could be shaded one way or the other or whether our Debt Commission could wisely have insisted on the payment of an additional million or so per annum. To that extent we are compelled by the vastness and intricacy of the problem to have faith in the judgment of our commissioners. Our responsibility is to decide whether we mean to abide by the principle laid down by the administration for the settlement of these debts, that each country should be asked to settle in accordance with its capacity to pay, liberally interpreted, and having agreed to that principle, to determine whether the Italian capacity is so limited as to justify the kind of settlement which the commission submits to the Congress for its approval.

In determining a government's ability to pay a large foreign debt incurred for nonproductive purposes there are three fundamental and controlling factors to be considered:

First. The surplus production of goods, if any, above the actual consumption requirements of the population.

Second. The proportion of this excess production when translated into money or its equivalent, which the government is able to collect in taxes in addition to the sum required for its own fiscal needs.

Third. Its ability to transfer this surplus, consisting of its own currency, to the foreign debtor in the latter's currency or in bills of exchange payable in that currency, a transfer which, generally speaking, can only be effected by means of gold or an excess of exported goods over imported.

According to any one of these tests and to all three of them, Italy's capacity to pay its debt to the United States is very small, indeed.

It is obviously impossible in the time at my disposal even to sketch so vast an economic problem, which includes all of

the important phases of the economic life of a great nation. I can but state my conclusions, and to justify them give illustrations rather than proofs.

In the matter of natural resources Italy is inferior to the majority of other great countries. Agricultural production is inadequate to supply the needs of the population, and has to be largely supplemented from abroad. The lack of minerals is even more striking. The reserves of coal are less than 200,000,000 tons, or lower than the production of a single year in the United States. Likewise there are not more than 40,000,000 tons of iron ore, an amount less than our annual production. There is little or no mineral oil. Practically all of these basic requirements must be obtained in foreign countries, placing home industries at a tremendous disadvantage, in spite of the increased use of hydroelectric power, which requires much capital to develop, and Italy is short of capital as well.

On the other hand, the population increases steadily and rapidly, an increase accelerated of late by restricted immigration. The index number for primary production from 1880-1883 up to 1920-1923 increased 16 per cent, while population increased by 35 per cent. There were 20,000,000 Italians living at home in 1825. To-day there are 40,000,000.

I am inserting here a table showing some basic economic factors of the economic wealth of Italy and four other countries:

	Italy	United States	Great Britain	France	Germany
Inhabitants per square kilometer (1923)....	128	14	187	71	131
Available: Reserve of coal (billions of metric tons) ¹	0.4	2,587	186	18	253
Available: Reserve of iron ore (billions of metric tons).....	0.1	75	10	10	3.5
Number of head of livestock per 1,000 inhabitants:					
Cattle (1923).....	165	605	161	349	267
Hogs (1923).....	63	587	64	137	275
Average production per inhabitant of:					
Cereals (1923)..... kilograms.....	250	1,151	110	382	291
Potatoes (1923)..... do.....	46	101	84	251	421
Forage (1923)..... do.....	522	874	651	1,959	903
Average production per inhabitant:					
Coal (1924) ¹ kilograms.....	11	4,583	6,251	1,215	2,565
Steel (1924)..... do.....	30	338	193	175	138
Average consumption for industrial purposes:					
Raw cotton (1919-1923)..... kilograms.....	4.3	11.7	14	5.1	3.2
Raw wool (1919-1923)..... do.....	1.1	2.7	7.9	6.1	2.2

¹ Lignite is calculated as one-third in comparing it with coal.

² Incomplete figures. This includes only a part of the forage production.

It is true that there has been a notable development of the textile industries, and to a lesser extent of certain branches of the mechanical, such as manufacture of automobiles, electrical machinery, and the chemical industry. The export of these products in fairly large quantities, together with the export of certain agricultural products such as nuts and citrus fruits, both before the war and to-day, has enabled, to a partial extent, the Italian people to purchase the food for their own sustenance, and the raw material essential to the life of their industries. But in neither period have the goods sold been sufficient in value to pay for the goods purchased and every year has witnessed an adverse balance in trade.

Table A

Year	1 Imports	2 Exports (in thousands of gold lire)	Excess of 1 over 2
1909.....	3,111,700	1,866,900	1,244,800
1910.....	3,245,900	2,080,000	1,165,900
1911.....	3,339,300	2,204,200	1,135,100
1912.....	3,701,900	2,396,900	1,305,000
1913.....	3,645,600	2,511,600	1,134,000
Average of 5-year period.....	3,408,900	2,211,909	1,197,000

Table B

Products	Imports		Exports	
	Thousands of lire	Per cent	Thousands of lire	Per cent
1. Raw materials for industry.....	1,274,600	37.40	316,000	14.29
2. Partially manufactured.....	636,500	18.67	582,100	26.76
3. Finished products.....	814,000	23.87	604,700	30.05
4. Foodstuffs and livestock.....	683,800	20.06	649,000	28.90
	3,408,900	100.00	3,211,900	100.00

It is apparent that raw material, including partially manufactured articles, and foodstuffs account for over 76 per cent of the imports, while finished products imported do not amount to more than 23 lire per capita, a negligible figure. Italy, then, was buying abroad the absolute necessities which her own resources could not supply, paying for them as best she could with manufactured articles and agricultural products of a semiluxury character.

The postwar situation is substantially the same, as shown by the following table, giving gold values:

Table D

1 Year	2 Imports in thousands	3 Exports in thousands	4 Excess of 2 over 3
1920.....	6,578,436	2,887,815	3,690,621
1921.....	3,793,606	1,818,082	1,975,524
1922.....	3,852,754	2,273,425	1,579,329
1923.....	4,079,577	2,395,060	1,684,517
1924.....	4,370,202	3,227,363	1,142,839
Five years' average.....	4,534,900	2,520,300	2,014,600

Imports of finished product had by 1924 fallen to 14.42 per cent of total imports. Exports of raw material fell off, as compared with pre-war years, while those of finished products increased by almost 6 per cent.

The most important figures to be noted are that Italy imports one-third of her wheat, nine-tenths of her coal and lignite, eight-tenths of her iron, ninety-nine one-hundredths of her copper, ninety-one one-hundredths of her cotton, and sixty-two one-hundredths of her wool.

All of which makes it clear beyond question that we are not dealing with a country with a large excess of consumption goods available for transfer in payment of foreign debts, if means of transfer can be found. The Italian people are slowly working out their economic salvation, in the face of adverse conditions, through their own industry, courage, and patient acceptance of sacrifice, but the margin of safety is narrow, as is further indicated when we study the problem in terms of national wealth, of income, and the standard of living.

The pre-war total private wealth of present-day Italy was 115,000,000,000 lire; the national income 20,000,000,000 lire. The postwar wealth is estimated at approximately 550,000,000,000 lire; the income at 100,000,000,000 lire. How relatively low these figures are is indicated by the two tables giving the wealth and income of Italy, France, Belgium, Great Britain, and the United States, in dollars and pre-war dollars:

Country	Middle 1914		Middle 1925	
	Wealth	Income	Wealth	Income
Italy.....	21.4	3.76	22.3	4.06
France.....	57.9	7.24	51.6	7.74
Belgium.....	10.6	1.40	11.5	1.75
United Kingdom.....	68.1	10.95	117.8	19.00
United States.....	200.0	33.00	380.0	70.00

Situation at middle of 1925 (in billions of pre-war dollars)

Country	Total of		Index number, taking 100 as the value of 1914	
	Wealth	Income	Wealth	Income
Italy.....	14.1	2.56	65.9	68.1
France.....	32.6	4.89	56.3	67.5
Belgium.....	7.3	1.11	68.9	79.3
United Kingdom.....	74.4	12.00	109.3	109.6
United States.....	240.0	44.21	120.0	134.0

The index numbers show us that wealth and income have increased in the United States by 20 and 34 per cent, respectively, while in the United Kingdom by 9 and 10 per cent. They have, on the other hand, decreased very considerably in Italy, France, and Belgium. In the case of Italy, there has been a 34 per cent decrease in capital value and a decrease of nearly 32 per cent in income.

Expressed in terms of per capita wealth and income, the figures are even more impressive.

Average per capita wealth and income (in dollars)

Country	Middle of 1914		Middle of 1925	
	Wealth	Income	Wealth	Income
Italy.....	596	105	553	101.4
France.....	1,455	182	1,308	196
Belgium.....	1,377	182	1,474	224
United Kingdom.....	1,471	237	2,600	419
United States.....	2,040	337	3,333	614

The average wealth and income of an Italian, stated in dollars, is less than one-sixth of those of an American. That means that his standard of living is away below that which the average American would insist was essential to the comfort, health, happiness, dignity, and progress of the free citizen of to-day. It is no exaggeration to say that were he compelled to labor and live as the average Italian does, he would consider himself little better than an economic slave. Those Americans who insist on larger payments would do well to consider that the means to pay the American debt, contracted at the high war prices, must come from the slender savings of men so situated, and that their demands can only be met, if at all, by a further reduction of the already too low standard of living of an industrious and courageous nation of workers. [Applause.]

Let me give a few significant facts. The food needs of the average man have been estimated at 3,300 calories a day. The daily pre-war rations of the Italian amounted to but 3,119 calories, as compared with 3,644 for the Frenchman, 3,704 for the Englishman, and 4,050 for the German. The daily ration of the Italian in the period 1922-1924 was but 3,087 calories.

The average per capita consumption of grains in Italy is 298 kilos, as compared with 1,068 in the United States; of meat 15 kilos, as compared with 68 kilos; of potatoes 37 kilos, as compared with 103; of sugar 7 kilos, as compared with 45; of coffee 1.11 kilos, as compared with 5.48.

The American consumer spends annually an average of from \$50 to \$55 for meat alone. The Italian's total food bill does not exceed on the average \$46.

What about clothing? The average per capita consumption of cotton in Italy, expressed in terms of kilos, amounts to 3.08, in the United States to 10; of wool to 1.15, in the United States to 2.59; of silks to 0.02, in the United States to 0.23; of artificial silk to 0.05, in the United States to 0.15.

The total consumption of textiles per capita in Italy does not exceed \$13 in value. This will hardly cover the per capita expenditure for silk in our country.

Figures are dry, lifeless things. It takes, however, but little imagination to give life to these figures, and the dull gray color that most befits them. Let the average American workingman, whose real wages are five times those of the Italian, stop his Ford by the roadside long enough to picture what living according to such a standard must mean to the Italian and his family; and I venture to prophesy that his Representative will be instructed to vote for the only kind of settlement compatible with the American sense of business realities, of fair play, and generosity to the fellow who is down—the most liberal kind of settlement. [Applause.]

This brings me to my second point: Granting a small surplus over and above the minimum needs of the population, how much of that surplus is available after the fiscal needs of the Italian Government have been met for payment of foreign governments?

To recapitulate, out of the total national income the subsistence minimum must first be provided for, then the fiscal needs of the Government; finally, if there be a balance, part of it may become available for foreign payments. I say may become advisedly, for it is obvious that a very large part must be kept at home in the form of savings and of new capital, and to cover expenditures other than bare necessities. In this connection, it is to be noted that, taking into account the increased population, Italian savings have decreased by 29 per cent from what they were prior to the war.

We have seen that the Italian national income aggregates, approximately, 100,000,000,000 lire. If, as is suggested in one of the documents submitted, the per capita minimum required for the necessities of life be estimated at 1,200 lire per annum—little more than 3 lire a day, or approximately 12 cents, an amount which, to me, seems ridiculously inadequate—the minimum of subsistence for the whole population aggregates 48,000,000,000 lire. Of the remaining 52,000,000,000, the government finds it necessary to take 20,000,000,000, or 38.46 per cent, in taxes, leaving 32,000,000,000 lire, 800 lire

per capita, or, approximately, \$32 per capita per annum, or 9 cents a day, to take care of all of the needs of the people over and above the 12 cents a day previously allowed; 9 cents a day per capita out of which to provide the new capital for development without which economic ruin is inevitable, to satisfy the wants of the people above the mere existence level, and to pay interest and principal of the foreign debt.

Aside from social considerations, is it possible to increase taxes sufficiently to obtain from this fund a substantial sum for the last named purpose? Frankly, I do not believe so. As far as I can ascertain, the Italian Government has thoroughly combed available tax resources. They are to-day imposing every variety of tax, direct and indirect, at very substantial rates, and are collecting 20 per cent of their gross national income, whereas the very high taxes of which we complain so loudly never exceeded 13 per cent of our national income. Higher rates would, in all probability, defeat themselves by drying up the sources of revenue and of industrial activity. In this connection, let me quote the words of the British Chancellor of the Exchequer, Winston Churchill:

The burden of direct taxation falls with injurious effect upon the enterprise of the Nation. It is a delusion to suppose that the evil is confined to the classes who actually pay. It manifests itself in all sorts of ways, obscure but none the less traceable ways; it manifests itself in a contraction, and above all in a relaxation of effort and in the loss of saving power. Thus it descends tier by tier in varying degrees upon every class of the population, and it reveals itself, I am confident, to some extent at least, in the present grave and exceptional unemployment from which this country is suffering. In factories, mines, blast furnaces, and shipyards we see this evil of unemployment, the preoccupation of every public man in every party. No doubt there are many causes for it. No doubt some of those causes are beyond our reach. Amongst those which are within our reach, the existing high rate of taxation must certainly be counted. It is an undoubted fact that the country with the highest rate of unemployment is also the country where the taxes on income are at the highest level, and where at the highest level they are collected in full. Are you sure it is only a coincidence? I am sure it is not. Of all the remedies we are advised to apply to our industrial malady, some wise and some not wise, none is so simple, so well tried, so efficacious and so safe as the diminution of taxation falling upon profits and production.

Italy is the only country that has taken 100 per cent of excess profits; with one exception it is the only one that has imposed a capital levy, and how all inclusive her income tax is demonstrated by the fact that were present American exemptions granted, 99 per cent of the revenue from that source would disappear.

No picture of the Italian burden of taxation would be complete without mention of the fact that, through depreciation of the currency, all those who loaned money to the state, that is, all holders of Government bonds, have sustained a loss to date of 72 per cent on an investment running into billions.

One alternative remains to be considered. Can governmental expenditures be reduced? Again the answer must probably be in the negative. By the most strenuous efforts the Italians have just succeeded in balancing their budget; in fact, exclusive of exceptional war liabilities, they have actually reduced normal expenditures, expressed in terms of money of pre-war value, below the 1912-13 level, a fact that could not have been accomplished without the impairment of service and a curtailment of necessary capital expenditures.

Finally, let us consider the third basic problem. Assuming what, apparently, is not true, that a substantial surplus exists which the Government, through taxation, might be able to acquire in the form of its own currency, are the necessary elements present to permit the Italian Government to transfer annually a large part of that available surplus to the United States Government? It can not pay us in lire, while dollars or their equivalent can only be acquired by means of gold or goods, or of Italian investments abroad. The latter are not of sufficient value, and, moreover, foreign money invested in Italy largely exceeds the amount of Italian money invested abroad. (In considering the capital investment item, roughly speaking, Italian debits run between nine and one-half to twelve million of paper lire, while credits aggregate from four to five billion lire.) The two former, generally speaking, depend on a favorable balance of trade.

During the last years of the pre-war period Italy's international payments, generally speaking, balanced. While the import of goods exceeded the export by about one-third, the difference was made up almost entirely by two items, emigrants' remittances and tourists' expenditures. The balance for 1913 is typical:

	Debit items		Credit items	
	Million lire	Per cent of total	Million lire	Per cent of total
Imports, exports.....	3,646	94.6	2,512	65
Interest, dividends.....	150	4	70	1.8
Emigrants' remittances.....			500	13.2
Postal money orders.....			200	5.5
Tourists' expenditures.....			450	12
Freights, commissions, etc.....			120	2.5
	3,796		3,852	100
Exports of capital: Reimport of Italian bonds, other debt items.....	56	1.4		
	3,852	100		

During the war and the years immediately succeeding, the period during which the debt in question was incurred, debits, of course, exceeded credits by a colossal amount. In 1920-21, while improvement was shown, there was still a large debit balance, but from 1922-1924, inclusive, the Italian balance of payments may be considered as substantially balanced. I am inserting here the balance of payments for 1924:

	Debit	Per cent	Credit
Visible items:	Million lire		Million lire
Imports of goods and bullion.....	19,400	88.58	14,400
Exports of goods and bullion.....			
Invisible items:			
Tourist expenditure and expenses of Italians abroad.....	380	1.73	2,900
Remittances and savings brought in by emigrants.....	230	1.05	2,600
Surplus of money orders.....			200
Net credit for shipping and emigrant fares (debit).....	40	.18	700
Interest, dividends, profits.....	380	1.73	180
Expenditure by Italian ships abroad and net expenditure of Italian Government administrations.....	480	2.19	250
Sundry items.....			70
Total.....	20,910		21,300
Variations in the capital account:			
Purchase of government and private securities.....	650	3.00	
Other exports and investments of capital.....	340	1.55	200
Increase in bank credits.....			400
Total items and settlements.....	21,900		21,900

It will be observed that for that year there was a favorable balance of some 600,000,000 lire, which, after capital adjustments, permitted the export, in excess of capital investments from abroad, of the moderate sum of 300,000,000 lire. But too much importance can not be attached to this, first, because the inverse phenomenon occurred during the six months from January to June, 1925, showing that these fluctuations in the capital account are of a temporary character, and in the long run I believe that it is indisputable that more foreign capital will have to be invested in Italy than Italy is likely to export. In the second place, while German reparations are not included in the above figures, the 500,000,000 lire's worth of goods received necessarily diminished the amount of goods that had to be imported by that sum. Looking at the above table from the standpoint of a long view, one is impressed by the fact that imports of goods still exceed exports by a very substantial sum, and that the two items on which Italy relies principally to offset the excess—tourist expenditures and emigrants' remittances—are of an uncertain character, outside of the control of the Italian people, and that the latter are diminishing and likely to diminish in the future because of changed conditions largely attributable to our own restrictive immigration act. Italy is to-day squaring her international payments. Except for bad years, she will in all probability continue to be able to do so, but there is nothing in the figures which I have seen which indicate that to-day or in the near future her resources are such as to permit her to transfer large sums to this country and to Great Britain over and above the foreign payments which she is now obliged to meet.

While we seem to make large sacrifices in the proposed settlement, the latter, nevertheless, will constitute a heavy burden to Italy. Taking into consideration the national budgets, the total foreign trade, and the total national income, and applying these indices to the settlements with Great Britain, Belgium, and Italy, we obtain the following comparison: The British-American settlement calls for an annual average payment equivalent to 4.6 per cent of the total British budget expenditures, the Belgian settlement 3.5 per cent, and the Italian settlement to America alone 5.17 per cent, and to America and Great Britain 11.47 per cent of Italy's total budget expenditures. The British settlement calls for an annual average charge corresponding to

1.9 per cent of the total British foreign trade. This figure is 0.88 per cent with Belgium. Italy's average payment to the United States is 2.87 per cent of its total foreign trade, and the combined payments to the United States and England 6.32 per cent of its total foreign trade. Great Britain's average annuity represents 0.94 per cent of its national income, Belgium's 0.80 per cent, Italy to the United States alone 0.97 per cent, and to the United States and Great Britain 2.17 per cent of its total national income. If we averaged the three indices, the comparative Italian burden of war debts would be represented by 6.72, the British 2.4, and the Belgian by 1.75.

Suppose that America had to assume a burden comparable to the burden of war debts upon Italy based upon the above indices, the present value of this burden would be over \$15,000,000,000, or three-fourths of our present public debt, and if we were to pay this war debt on the same scale as in the Italian agreement after five years we would be paying an annuity of over \$400,000,000, after 30 years of over a billion dollars, and by the end of the period of considerably over two billion a year.

There has been some misconception among the uninformed as to the \$100,000,000 loan recently floated by the Italian Government, and the question has been asked why, if Italy is unable to pay but a fraction of interest on the war loans, it is able to pay 8 per cent on a new Government loan.

The situation is not fundamentally different from that of a private business which is in financial difficulty. Let us assume a business that has a large debt incurred in the past which it is unable to meet or to carry, which, exclusive of interest, has balanced outgo and income, and can with prudent management and with new capital show a moderate profit in the future. Unless the creditors are willing to waive part of their claims, the concern must go to the wall, and they will then get little or nothing. What would be done under these circumstances—and it is being done every day. The creditors would make the best possible settlement, payable over a period of years, and the value of the settlement would depend largely on the future of the company, which, in turn, would be improved by its ability to get new capital. Now, new capital could not be obtained unless the creditors were reasonable and the terms attractive. The old debt, the dead debt, then must be sacrificed in part, and new capital must be attracted by good and secure terms if any part of the old debt is to be paid.

This is in the main the story of the Italian settlement. Italy's debt to the Governments of the United States and Great Britain were incurred as a direct result of the Italian participation in a war which, after April, 1917, was our war. It should be noted that the debt we are now proposing to settle was incurred after that date, and that the expenditures for which it was incurred were made to help us as well as Italy win the war. An external debt of \$2,040,000,000 to the United States, and of about \$2,500,000,000 to Great Britain, was incurred, accompanied by the increase of the internal debt of approximately 75,000,000,000 lire, or \$15,000,000,000 at par of exchange.

The carrying of such a debt charge is obviously beyond the economic power of the Italian people. In so far as the domestic debt is concerned, the problem has been in part disposed of by progressive debasement of the currency. Thus the debt of the Italian Government to the Italian people has been wiped out to the extent of 72 per cent. But the huge external debt still remains. It is that debt that is the subject of the settlement now before us and of the contemplated settlement with Great Britain. Until the Italian people know the exact amount of the charges which they will be called upon to meet to the United States and Great Britain, it is impossible for Italy to stabilize her currency and restore those economic conditions which will permit an industrial and commercial revival. Until it is known what Italy's foreign creditors will accept in settlement—just as in the case of the private concern that I have referred to—it will be impossible to obtain the new capital necessary for economic revival. The Italian Government has balanced its budget in the course of the last two years. Currency inflation has ceased. International payments have been balanced, and as a result the foreign exchange value of the lira has remained reasonably stable for some months past. The Italian Government and people have done all in their power to restore Italy economically, but two vitally important steps remain to be taken. First, that her liability to foreign governments be definitely settled and fixed at an amount within Italy's capacity to pay. Secondly, that Italy obtain the necessary credits to enable her further to stabilize her currency and to return to a gold basis in the near future and to furnish the fresh capital for industrial expenses. This proposed settlement constitutes the first of these steps, the \$100,000,000 loan part of the second. Both

are essential not only to the Italian people but to the United States Government if it expects to collect any part of the debt. If we are grasping, unreasonable, and stupid creditors, we will probably get nothing, and as for the loan of fresh capital by individual investors to Italy, it must be obvious that, far from lessening Italy's power to pay to the United States Government, it of necessity improves and strengthens her ability to do so.

The analogy between the recent Italian loan in this country and the loan which Germany obtained in order to permit the inauguration of reparations is complete. In both instances the Governments concerned were obliged as a first step in the liquidating of their foreign indebtedness to make application to their creditors for the liquid capital which would permit them to complete the reorganization of their internal finances in order that they might then undertake the liquidation of their foreign indebtedness. In both instances the liquid capital needed was supplied by private investors at interest rates sufficiently attractive to induce these investors to risk their capital.

The loan to Italy is a part of the same general reconstructive effort in which American bankers and investors have heretofore engaged for the rehabilitation of Europe and for helping to put the nations there in a position to continue as large buyers of American products. The first of these efforts was the loan made to the Republic of Austria in 1923, and in this case the American Congress by law subrogated its own claims against Austria for a period extending beyond the maturity of the loan itself. Another step was the stabilization loan to Hungary, arranged early in 1924. And a third and notable instance is that referred to above of the \$200,000,000 loan to Germany, arranged under the Dawes plan and taken by the American bankers and investors in October, 1924, to the extent of over half the entire loan. The private loan of \$100,000,000 to Italy is on all fours with the instances just quoted.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. MILLS. I would like to have 10 more minutes.

Mr. GREEN of Iowa. I yield the gentleman 10 additional minutes.

Mr. MILLS. The obtaining of the maximum amount in the way of debt settlement is by no means the only question before us. As was pointed out by Secretary Mellon, Europe is our best customer. Unless the finances of Europe can be restored, their currency placed on a sound basis, and their people able to earn and spend, this country will not be able to dispose of its surplus products of food, materials, and goods. Our exports to Belgium last year were \$114,000,000. Our exports to Italy were \$185,000,000. And of these two totals 26 per cent were foodstuffs and 36 per cent were cotton. Germany began to put her house in order in the latter part of 1923. That year it imported \$149,000,000 of cotton from us. With the establishment of a sound currency under the Dawes plan and the re-establishment of a sound financial system exports of cotton increased in 1924 to \$223,000,000, and in the first 10 months of 1925 to \$198,000,000, or at the rate of \$231,000,000 a year. Aside from the money due from foreign governments, the American people have a large and direct interest in the restoration of the prosperity and purchasing power of Europe. Nothing could be more shortsighted, from the standpoint of our agricultural and business interests, than for the Congress of the United States to refuse to recognize the larger economic aspect of the problem.

This settlement, therefore, can be justified on strictly selfish and business grounds, but I, for one, am unwilling to let the matter rest there. The American people are not only accustomed to do big things in a big way; they are accustomed to do big things in a big-hearted way. I can not conceive of our Nation in the position of an overgrasping creditor, haggling over the last penny of a debt. I can not conceive of our Nation insisting on payments so large that they could not be met without the sweating and degradation, social and economic, of 40,000,000 honest and industrious human beings. Those who would have us do so do not and can not represent American sentiments. [Applause.] I want my country, and I believe that my country wants me, to make in its behalf a settlement which takes into consideration all of the economic factors, is sound from a business and financial standpoint, and, in addition, is the kind of settlement which we can justify before our own conscience and that of mankind.

So far as Italy is concerned, I realize that I have painted a gloomy picture. I do not want to close with a note of pessimism. I personally have confidence in the future of the Italian Nation. What they have accomplished in the course of the last two years is nothing short of remarkable. While deficient in most natural resources, they possess two important ones—hydro-

electric power and an abundance of efficient man power. They are good merchants, and the development of the Balkan countries should offer them in the future a fruitful market. Above all, the Italian people have industry, thrift, a capacity to live cheerfully on very small means, and that confidence in themselves and the character, which, after all, are the fundamental qualities upon which the success of nations as well as individuals is built. I have faith in the future of Italy. It is because of my faith that to me it is intolerable and wicked for the great, prosperous, and happy people of the United States to do anything to make impossible the fulfillment of that future.

I do not care how hard-hearted and hard-boiled you may be as individuals, but when you act here in your representative capacity and officially record the attitude of the American people, think twice before you place our Nation in the attitude of an unyielding, grasping creditor, unmindful of the welfare of other peoples, hindering the economic restoration of the world, and injuring its own best interests in an effort to collect the last dollar. [Applause.]

The CHAIRMAN. The time of the gentleman from New York has again expired.

Mr. COLLIER. Mr. Chairman, I yield 25 minutes to the gentleman from Arkansas [Mr. OLDFIELD]. [Applause.]

Mr. OLDFIELD. Mr. Chairman and gentlemen of the committee, if I agreed with the gentleman from New York [Mr. MILLS] in toto, I think I should suggest that the balance of the Italian debt be canceled and we hand them another billion dollars. I think the gentleman from New York made his case entirely too strong.

I have no criticism of the Italian people. Far be it from me to criticize any great people. On the contrary, I rather congratulate them upon succeeding in having 75 per cent of their debt to us canceled by our debt commission and the President of the United States, who asks us to support this bill.

Gentlemen, what are we asked to do? What does this settlement mean in detail? I want to tell you briefly. We loaned the Italian Government \$1,600,000,000 of the money of the taxpayers of this country. This amount with accrued interest makes the debt now \$2,042,000,000. For the first five years, or until 1930, no interest whatsoever is charged against the Italian debt or the Italian taxpayer, but \$5,000,000 a year is paid for five years on principal.

When you talk about capacity to pay, I deny that that is all the capacity which the Italian Government has to pay, especially for the next five years. Why do I say that, gentlemen? I will tell you why. The Italian Government for the first year, which is this year, gets \$16,000,000 in German reparations, or three times as much and more than she pays to our Government.

Mr. BURTON. What amount did I understand the gentleman to state?

Mr. OLDFIELD. Sixteen million dollars from German reparations, as stated in this document here—the hearings.

Mr. BURTON. Sixteen million dollars, the gentleman says?

Mr. OLDFIELD. Yes; there is no doubt about that, and I can prove it by the statement of Secretary Mellon.

The next year \$20,000,000, the next year \$19,000,000; and yet they are paying us only \$5,000,000 a year, without any interest whatsoever. The next year they receive \$32,000,000 and the fifth year \$47,000,000. During this period of five years they pay us \$25,000,000, and they get from German reparations a total of \$134,000,000. Yet they talk about incapacity to pay.

What else? From 1930 to 1940 they pay us one-eighth of 1 per cent interest, from 1940 to 1950 one-fourth of 1 per cent, from 1950 to 1960 one-half of 1 per cent, from 1960 to 1970 three-fourths of 1 per cent interest, and from 1970 to 1980 1 per cent interest, and for the last seven years 2 per cent interest. On the average that makes forty-two one-hundredths of 1 per cent interest they are paying us.

I do not want to criticize the Italian Government nor the Italian people, but I think in justice to our own taxpayers, my friends, there ought to be some consideration and some friendly feeling toward our own taxpayers, especially in view of the fact you are trying to show so much consideration to foreign taxpayers, if you please. Forty-two one-hundredths of 1 per cent interest, and what does this debt settlement mean, my friends? It does not mean \$2,042,000,000. I asked Secretary Mellon when he was on the witness stand what was the present value of this debt settlement, and he said \$538,000,000, or, in other words, a cancellation, my friends, of one and a half billion dollars.

During these five years I have been talking about, without Italy paying interest and paying only \$5,000,000 a year, our taxpayers pay \$400,000,000 on this same debt in interest or in taxes, if you please.

It seems to me the time has come when we should consider the American taxpayers a little bit; but the great burden of the song of the gentleman from Georgia [Mr. CRISP] and the gentleman from New York [Mr. MILLS] is that Italy has not the capacity to pay and can not possibly pay any more than this debt settlement calls for.

I sometimes wonder. You know when people are trying to borrow money they go on dress parade and they show the value of their assets and they borrow money in that way. When they are trying to get a debt canceled or scaled down they put on a long face and they come to our Debt Commission and put it over on them. [Applause.]

I wonder if the Debt Commission had the same figures presented to them by the Italian Government when the Italian Government was trying to get us to cancel this debt that they presented J. P. Morgan & Co. when they borrowed \$100,000,000 at 7 per cent with the trimmings, if you please, because those bonds were taken by J. P. Morgan & Co. at 94 and they draw 7 per cent on the par value. I wonder if our commission ever had the figures or ever saw the figures which were presented to J. P. Morgan & Co. when they made this loan of \$100,000,000?

Our commission can not be heard to say they knew nothing about this loan or, rather, this prospective loan. They can not be heard to say that. Why do I say that? Because the newspapers were full of it every day or two and the newspapers were referring to the fact the Italian Government was going to negotiate a big loan with J. P. Morgan & Co. Therefore they should have known or they should have found out something about what they were saying when they were trying to borrow this money, and not pay so much attention to what they said when they were trying to get our commission to cancel this debt to the extent of 75 per cent.

This is not all. They say Italy has not the capacity to pay. Why do they say that, my friends? They can not say that and tell this House and the country it is the fact; not at all. I say here to-day that they took the figures absolutely of the Italian debt commission upon the capacity of Italy to pay.

Italy is a great country. They boast they are the greatest country on the globe. I presume all countries do that. Italy has 40,000,000 of people and she has more water power than any other like area on the globe, if you please, and the people of America are finding out now what it means to have a great deal of water power. Italy is worth not \$22,000,000,000, but she is worth any where from \$35,000,000,000 to \$40,000,000,000. That is what the capacity of Italy is, anywhere from \$35,000,000,000 to \$40,000,000,000 of wealth, if you please.

They owe us \$2,000,000,000. They owe Great Britain \$2,450,000,000, about 10 per cent of the wealth of Italy. We ourselves in this country owe about \$20,000,000,000. The commission did not want to tell this, but the Italian commission gave several reasons why they were so handicapped in trying to pay this great debt to our country, and one was the high-tariff policy of America. They could not sell us goods on account of our tariff laws, and they could not pay their debt unless they could sell us goods. But this administration and this Debt Commission would rather cancel this debt up to 100 per cent rather than reduce the Fordney-McCumber law one-tenth of 1 per cent. [Laughter.]

That is the situation we find. They do not want to do something that will help the Italian people and at the same time help the American people. What they want to do is to cancel this debt. I am surprised that they did not cancel all the debt, and they would have if they thought that they could have gotten away with it on the floor of the House and the Senate. They seem to have a great deal of sympathy for the foreign taxpayers but not for our taxpayers. I call attention to the fact that the tax-paying time is coming soon, and in every State of this Union the farmers are going to have to borrow money to pay these taxes, or their farms and livestock will be sold for taxes unless they have the cash with which to pay. They will get no 75 per cent of cancellation on their taxes. We hear not a word of sympathy for our poor taxpayers in dire distress in our great agricultural sections.

The gentleman from New York [Mr. MILLS] talks about how many calories the Italian people eat, what kind of clothes they wear. I know nothing about it, and I do not think he does either. [Laughter.] He has got some phony figures from the Department of Labor, and they can fix up more phony figures down there than any place in this country. The Departments of Commerce and Labor fixed up the phony figures which the President used in his tariff speech to the farmers at Chicago recently, but he did not fool the farmers with them. What about Italy's capacity to pay? She does not owe more than 10 per cent of her national wealth. She has the greatest climate, with the possible exception of Florida, of any place on the globe. [Applause.] She gets more than \$100,000,000 a year in

tourists' fees just because she has the scenery and because she has the climate. She gets more than \$100,000,000 a year.

Economists tell us that in every country in the world for the past 100 years trade has doubled every 25 years. When they get this water power operating in Italy, as they are bound to do, it will double in less than that time. Of course, they have no coal. Many States in the Union have no coal, and of those who have it you can not buy it now under the kind of administration which we have. People in this country are freezing to death now. They are not saying anything about our people having no coal. Lots of States do not have anything but cotton, lots of States do not have anything but wheat, lots of States do not have anything but corn, but you do not say that they are bankrupt because they have not all the raw material that our country affords.

Yes; Italy has more water power and 40,000,000 hard working people, and if you would reduce the tariff law in America you would see them sending many million dollars worth of goods here every year, so that they could pay their debt.

I read to-day in the National City Bank bulletin of January, 1926, the following:

The figures for our foreign trade in recent weeks showed a decline in the balance in our favor, due in part to the smaller export in food products and in part to the larger imports of raw material for our industries. It is significant that there is no great show of growth in the import of manufactures.

Why certainly not, how can you import manufactures into America when you have a prohibitory tariff.

Then the article says:

Our industries are not menaced by foreign competition.

Now, my friends, you ought to think about all these things; you ought to think of this proposition in all its ramifications. I do not want to do the Italian people any injustice, but, so help me God, I am not going to do the taxpayers of America an injustice if I know it. [Applause.]

These are the simple facts in regard to this proposition. When the American Debt Commission settled with Great Britain by canceling about one-quarter of our debt, what did the Debt Commission find? They found that that would increase the tax on the British people of about 3 per cent in order to pay the three-quarters of the debt to us. This Italian debt has been scaled down 75 per cent, or three times as much. Therefore it would increase the taxes on the people of Italy only 1 per cent. That is what the economists tell us and that is what the commission says.

Mr. GREEN of Iowa. Will the gentleman yield?

Mr. OLDFIELD. Yes.

Mr. GREEN of Iowa. England is by far the heaviest taxed nation of any civilized nation on the globe, and Italy has got beyond that in the percentage according to the proportion of its income.

Mr. OLDFIELD. When this is settled they will reduce the taxes over there, and Great Britain to-day is demanding of Italy \$33,500,000 a year for the next five years. And we get a little measly \$5,000,000 a year, without interest—forty-two one-hundredths of 1 per cent in all. I appeal to you that you should think somewhat of the taxpayers of America while you are making this settlement with Italy. I do not want to criticize the commission, except that I think I know just as much about what the commission did and why they did it as the commission does. We had Secretary Mellon on the stand and Senator BURTON on the stand and Mr. CRISP and Mr. WINSTON on the stand. We have all of the facts here. They were just trying to settle this debt in some sort of way that they could get by the Congress with, in my humble judgment, and they cut it down 75 per cent, when there is dire distress all over America, especially in the farming communities of America. One-third of the people of America are not any more able to pay their taxes than are the people of Italy to pay their taxes.

Mr. CARTER of Oklahoma. Mr. Chairman, will the gentleman yield?

Mr. OLDFIELD. Yes.

Mr. CARTER of Oklahoma. This money which was used to loan Italy was borrowed from the American people, was it not?

Mr. OLDFIELD. Yes.

Mr. CARTER of Oklahoma. And a portion of it was borrowed from the farmers of the country?

Mr. OLDFIELD. A great deal of it, of course.

Mr. CARTER of Oklahoma. And some of these same farmers have borrowed money from the Federal Government under the farm loan act which they are unable to pay.

Mr. OLDFIELD. Yes.

Mr. CARTER of Oklahoma. Has the gentleman heard anything about the American farmers paying according to their capacity to pay?

Mr. OLDFIELD. I never heard of such a thing in my life except as to foreign debtors. If a man borrows money on his farm and does not pay, they take over the farm and sell it. If you do not pay your taxes in America, what do they do? If you have any personal property or real estate, they grab it and sell it on the auction block, and they do not ask any questions about how much capacity the farmer or any other individual in America has to meet his obligation. [Applause on the Democratic side.]

Mr. TILSON. Mr. Chairman, will the gentleman yield?

Mr. OLDFIELD. Yes.

Mr. TILSON. Would my friend be willing to apply the same remedy in the case of this debt in the event that it is not paid? Does the gentleman feel that any one person in America would be willing to take the Army and the Navy of the United States and try to collect this debt?

Mr. OLDFIELD. No; I certainly would not, and I do not think anybody else in this country wants to send the Army over there, but I dare say that the people of Italy could have agreed to a reasonable settlement and would have come just as near to paying it as they will to paying this settlement.

Mr. BLANTON. Mr. Chairman, will the gentleman yield?

Mr. OLDFIELD. Yes.

Mr. BLANTON. I am interested in getting the gentleman's views. What is the other alternative? We will not send our Army and Navy there, and we ought not to do it; but we have an obligation now that is as good as any lawyer's on God's earth can draw, and under it there has not been a dollar of interest paid in seven years. So what are we going to do?

Mr. OLDFIELD. And there is not going to be any interest paid in the next five years, and we will not get any more of the principal paid, in my opinion, than we would have if they had made a reasonable settlement—reasonable to Italy and reasonable to the American taxpayer. In the next five years our taxpayers will pay \$400,000,000 in taxes to pay the interest on the money that we loaned to Italy. She pays us \$25,000,000 and gets \$134,000,000 in the same period of time from the German reparations, and yet gentlemen say they have no capacity to pay. It seems to me that they could have taken some of the reparations and paid it to the taxpayers of this country, to our Government.

Mr. McSWAIN. Mr. Chairman, will the gentleman yield?

Mr. OLDFIELD. Yes.

Mr. McSWAIN. Ability to pay is a variable term, depending on time and condition. If we settle now at a fixed condition and they get worse they will not pay, but if they get better they would not be bound except by these terms under the present hard conditions. Why not leave the thing open, and then if they get better, being honorable, they will want to pay it all, and if they get worse they can not pay it anyway.

Mr. OLDFIELD. That might be a good idea.

Mr. SCHAFER. Mr. Chairman, will the gentleman yield?

Mr. OLDFIELD. Yes.

Mr. SCHAFER. I wanted to get this information from my colleague [Mr. MILLS], but his time had expired. Does the gentleman know approximately the amount of payment made in interest and principal to international bankers for so-called private loans by the Italian Government subsequent to the time that they incurred this indebtedness to our Government?

Mr. OLDFIELD. No; I have not those figures. I know that before the ink was dry on this settlement they got \$100,000,000 from Morgan & Co.

Mr. GREEN of Iowa. Will the gentleman state before he gets through just what his proposition is, what he wants to do? He has been talking for some time, and I have not been able to ascertain what his proposition is.

Mr. OLDFIELD. Oh, I shall probably be outvoted on this question, and the House will probably adopt the debt settlement that is offered here; but if I had my way about it, I would at least insist that every foreign debtor should pay along the lines of the British settlement. The Republican Party in the last campaign boasted of the settlement with Great Britain. You went all over the country boasting about it, and you said in your platform of 1924 that you were going to make all of the others pay in a similar way. It is beyond me how anybody can ever believe anything that they see in a Republican platform or what is said by a Republican administration. [Applause on the Democratic side.] They cut down that debt 25 per cent, and after making that statement all over the country and putting it in their platform they come here and scale this debt down 75 per cent.

Mr. GREEN of Iowa. Then, as I understand it, my friend is just going to talk as he is now, because that never would bring him anything.

Mr. OLDFIELD. That is what the gentleman says about it, and I think I know as much about it as he does. I think I am just as much of a prophet as is the gentleman from Iowa, and I think there are a good many people in Iowa that are in pretty nearly as much distress about their taxes that have to be paid in a few days as are the Italian people about theirs.

Mr. GREEN of Iowa. They will pay when they market their corn crop.

Mr. OLDFIELD. Market their corn crop. They want to market their corn crop, all right; but you are not going to get it from Italy. They do not eat corn in Italy.

Mr. SCHAFER. Would not the gentleman also reduce the exorbitant tariff on these manufactured articles, especially those in which high Republicans are vitally interested?

Mr. OLDFIELD. Oh, yes.

Mr. UPSHAW. If the gentleman will permit, the gentleman from Arkansas has been asked to state the alternative. Does he not think if our Government is going to do a very liberal thing to a Government not able to pay, it would be quite a proper thing to give a settlement of 50-50 instead of 25-75?

Mr. OLDFIELD. Yes, sir. I want the membership of the House on both sides of this House, because it is not a partisan question, to think about this thing seriously before you vote to cancel 75 per cent of this foreign debt. [Applause.]

The CHAIRMAN. The time of the gentleman has expired.

Mr. DICKINSON of Missouri. Mr. Chairman, I yield 15 minutes to the gentleman from Maryland [Mr. GOLDSBOROUGH].

Mr. GOLDSBOROUGH. Mr. Chairman and gentlemen of the committee, it seems to me there are a great many considerations which should guide us in making up our minds about our vote on this Italian settlement. In the limited time allowed me I am going to touch principally on a matter which has not been mentioned in this debate. In the last four years the people of America through bond issues floated by international bankers have loaned foreign governments the enormous sum of nearly \$3,000,000,000, the exact amounts of which to specific governments for 1922, 1923, 1924, and 1925 to September 26 will be found in tables at the end of these remarks, as well as the estimated amounts to January 1, 1926. The figures prior to 1922 are not available, but I understand they amount to about \$4,000,000,000, so that at the present time the American public are carrying foreign loans of upward of \$7,000,000,000, or about \$65 for every man, woman, and child in the United States. At this time we are asked to ratify the Italian debt funding settlement, upon the basis of which, and in the belief that it would be ratified by the American Congress, J. P. Morgan & Co. loaned the Mussolini government \$100,000,000.

The Italian Government owes this country \$2,042,000,000. It is proposed that this should be repaid in the following amounts and on the following dates:

June 15—	
1926	\$5,000,000
1927	5,000,000
1928	5,000,000
1929	5,000,000
1930	5,000,000
1931	12,100,000
1932	12,200,000
1933	12,300,000
1934	12,600,000
1935	13,000,000
1936	13,500,000
1937	14,200,000
1938	14,600,000
1939	15,200,000
1940	15,800,000
1941	16,400,000
1942	17,000,000
1943	17,600,000
1944	18,300,000
1945	19,000,000
1946	19,600,000
1947	20,000,000
1948	20,600,000
1949	21,200,000
1950	22,000,000
1951	23,000,000
1952	23,800,000
1953	24,600,000
1954	25,400,000
1955	26,500,000
1956	27,500,000
1957	28,500,000
1958	29,600,000
1959	30,500,000
1960	31,500,000
1961	32,500,000
1962	33,500,000
1963	34,500,000
1964	35,500,000
1965	36,500,000
1966	38,000,000
1967	39,500,000
1968	41,500,000
1969	43,500,000

June 15—Continued.

1970	\$44,500,000
1971	46,000,000
1972	47,500,000
1973	49,000,000
1974	50,500,000
1975	52,000,000
1976	54,000,000
1977	56,000,000
1978	59,000,000
1979	61,000,000
1980	62,000,000
1981	64,000,000
1982	67,000,000
1983	69,000,000
1984	72,000,000
1985	74,000,000
1986	77,000,000
1987	79,400,000

Total..... 2,042,000,000

Under the proposed agreement, during the first five years Italy is to pay \$5,000,000 annually without interest. After the first five years interest is fixed at one-eighth of 1 per cent for 10 years, and that is increased for successive 10-year periods to one-fourth of 1 per cent, one-half of 1 per cent, three-fourths of 1 per cent, 1 per cent, and for the last seven years 2 per cent.

Last year Italy received from Germany, under the Dawes plan, \$16,000,000. During this year Italy receives \$20,000,000; in 1927, \$18,000,000 to \$19,000,000; in 1928, \$32,000,000; in 1929, \$47,000,000; and \$47,000,000 each year for 35 years thereafter. It will be noticed that while this proposed settlement of our debt with Italy runs for 62 years, the amounts becoming larger as the years go by, Italy will be receiving nothing from Germany during the last 22 years of the payment of its debt to us, so that the heaviest payments to be made by Italy are proposed to be made at a time when she will be getting nothing from Germany.

I would like to call your attention also to the fact that on the entire amount which Italy owes us with interest at 4½ per cent we are asked to accept in the next 31 years only 7½ per cent, and that while we are waiving under the proposed settlement about 72 per cent of the debt we are only to get about one-fourth of what the agreement provides for in the next 31 years; that is, that during the present generation it is proposed that we shall be paid only about 7½ per cent of the entire debt.

The most that can be said at the present time for the Italian Government is that it is in a period of transition, and it can certainly be safely said that the present Government, autocratic in form, is not satisfactory to a majority of the Italian people who are democratic in mind and who believe in the essential principles of free and representative government. As a matter of fact, was not this debt funding settlement now before Congress for ratification made in order to enable Italy to borrow American capital? In other words, and more specifically, was not the settlement made in order that the Mussolini government might put through the \$100,000,000 loan from Morgan & Co.? Now, if Morgan & Co. want to loan the present Italian Government \$100,000,000, and keep the bonds issued by Italy for that loan until their maturity, trusting that at maturity they will be paid, that is purely a matter for Morgan & Co. to decide for themselves, but Morgan & Co. would not loan Italy under present conditions one dollar if it intended to keep the bonds, but these bonds are now being offered, and if this debt funding settlement is ratified they will find their way to American homes throughout the length and breadth of the United States. Stated in another way, Morgan & Co., it is estimated, gave Italy about \$85,000,000 for \$100,000,000 worth of bonds. These bonds are being offered at 94½, and they will be sold at approximately that figure if this debt-funding agreement is ratified. The net result will be that Morgan & Co. will make about \$9,500,000 out of the transaction, and that ultimately these bonds will be unloaded on the small American investor. The bonds are admittedly not conservative investments. The gentleman from Georgia [Mr. CRISP], a member of the Debt Funding Commission and a member of the Ways and Means Committee of this House, in advocating our ratification of this debt-funding settlement on the floor of the House this afternoon made the statement in reference to this \$100,000,000 loan that those who ultimately become the owners of the various bonds representing the \$100,000,000 loan would, in his judgment, find it "A long, long way to Tipperary before they collected on those bonds."

It seems to me that the general course of the majority party concerning the foreign situation has been about this. First, in 1920 they refused to go into the League of Nations, which would have resulted in gradual disarmament, relieved Europe in great measure from taxation because of armies and navies, this in turn helping Europe to get the money together to pay

what she owes us. Second, in 1921 the majority party passed the tariff act with duties so high as to make it impossible for Europe to sell to us on an economic basis, enabling her to get money to pay on the debts she owes us. Third, more specifically, this party now proposes to load onto the American taxpayer about \$1,500,000,000 of the Italian debt, so that the Mussolini government in Italy may borrow from J. P. Morgan & Co. \$100,000,000 on bonds, concededly not a conservative investment, to be in turn unloaded on the American public. I can not vote for the Italian debt settlement.

EXHIBITS

Foreign government, provincial, and municipal securities issued in the United States in 1922¹

Securities	Rate	Term	New capital	Refund- ing	Total
	Per cent	Years	Thou- sands of dollars	Thou- sands of dollars	Thou- sands of dollars
Europe:					
Czechoslovakia.....	8	29	14,000		14,000
Prague, City of Greater.....	7½	30	7,500		7,500
Serbs, Croats, and Slovenes.....	8	40	15,250		15,250
Seine.....	7	20	25,000		25,000
Soissons.....	6	15	6,000		6,000
Norway.....	6	30	13,000	5,000	18,000
Do.....	6	50	1,100		1,100
Do.....	6	50	2,475		2,475
Netherlands.....	6	50	28,200		28,200
Do.....	6	50	19,200		19,200
Total.....			131,725	5,000	136,725
Far East:					
Dutch East Indies.....	6	25	40,000		40,000
Do.....	6	40	60,000		60,000
Queensland.....	6	25	10,000		10,000
Brisbane.....	6½	20	758		758
Total.....			110,758		110,758
North America:					
Newfoundland.....	5½	20	6,000		6,000
Canada.....	5	30	100,000		100,000
Canadian provincial and municipal loans ²			99,000	7,000	106,000
Total.....			105,000	107,000	212,000
Latin America:					
Argentine Nation.....	7	5	27,000		27,000
Buenos Aires (city).....	5	37	1,095		1,095
Bolivia.....	8	25	19,000	5,000	24,000
Brazil.....	7½	30	8,880		8,880
Brazil (Central Railway).....	7	30	25,000		25,000
Porto Alegre (city).....	8	40	3,500		3,500
Rio de Janeiro (city).....	8	25	3,000	10,000	13,000
Santa Catharina (state).....	8	25	3,500	1,500	5,000
Sao Paulo (city).....	8	30	4,000		4,000
Chile.....	8	20	18,000		18,000
Do.....	8	1	1,350		1,350
Colombia.....	6½	5	5,000		5,000
Dominican Republic.....	5½	20	4,200	2,500	6,700
Haiti.....	6	30	16,000		16,000
Peru.....	8	10	2,500		2,500
Lima.....	5	54	250		250
Montevideo.....	7	30	6,000		6,000
Total.....			148,275	19,000	167,275
Total for all countries.....			495,758	131,000	626,758

¹ Data furnished by the Guaranty Co. of New York. To these totals must be added \$37,235,000 of Philippine government and municipal loans.

² Estimate of Commercial and Financial Chronicle.

Securities issued in the United States in 1922 by foreign corporations and American corporations whose principal business is conducted abroad¹

Securities	Rate	Term	New capital	Refund- ing	Total
	Per cent	Years	Thou- sands of dollars	Thou- sands of dollars	Thou- sands of dollars
Europe:					
Anton Jurgens United Works.....	6	25	10,860		10,860
Cie. International des Wagons-Lits.....	6	33	2,075		2,075
Frameric Industrial Development Corporation ²	7½	20	10,000		10,000
Holland-American Line.....	6	25	7,360		7,360
Midi Railroad Co.....	6	40	1,975		1,975
Paris-Lyons-Mediterranean Railway Co.....	6	36	60,000		60,000
United Steamship Co. (Ltd.).....	6	15	5,000		5,000
Total.....			97,270		97,270
Far East: Melbourne Electrical Supply Co. (Ltd.).....	7½	25	1,250	1,250	2,500
North America: Canadian corporations.....			42,506	6,380	48,886

¹ Data furnished by Guaranty Co. of New York. To these totals must be added \$2,600,000 of Manila Electric Co. 7 per cent 20-year refunding bonds.

² Domestic corporations whose principal business is conducted abroad.

Securities issued in the United States in 1922 by foreign corporations and American corporations whose principal business is conducted abroad—Continued

Securities	Rate	Term	New capital	Refund- ing	Total
	Per cent	Years	Thou- sands of dollars	Thou- sands of dollars	Thou- sands of dollars
Latin America:					
Baragua Sugar Co.....	7½	25	4,500		4,500
Camaguey Sugar Co.....	7	20	6,000		6,000
Eastern Cuba Sugar Corporation.....	7½	15	10,000		10,000
Sevilla-Biltmore Hotel Corporation ¹	7½	15	2,000		2,000
Sugar Estates of Oriente.....	7	20		6,000	6,000
Vertientes Sugar Co.....	7	20	10,000		10,000
Francisco Sugar Co. ²	7½	20	3,879	1,121	5,000
Havana Electric Railway, Light & Power Co. ³	5	32	2,100	1,500	3,600
Manati Sugar Co. ³	7½	20	8,000		8,000
New Niquero Sugar Co. ³	7	10	1,000		1,000
Punta Alegre Sugar Co. ³	7	15	5,821		5,821
Paulista Railway Co.....	7	20	4,000		4,000
Total.....			57,300	8,621	65,921
Total for all countries.....			198,326	16,251	214,577

¹ Domestic corporations whose principal business is conducted abroad.

Foreign capital flotations in the United States, 1923

Securities	Rate	Term	Total nominal capital	Refunding nominal capital	Total actual new investment ¹
	Per cent	Years			
FOREIGN GOVERNMENTS, PROVINCES, AND MUNICIPALITIES					
Europe:					
Austrian Government.....	7	20	\$25,000,000		\$22,500,000
Danish Government ²	5½		10,000,000		10,000,000
Finnish Government.....	6	22	10,000,000		9,000,000
Norwegian Government.....	6	20	20,000,000		19,300,000
Rumanian Government.....	4		15,000,000	\$15,000,000	
Swiss Government.....	5	3	20,000,000		19,458,000
Total.....			100,000,000	15,000,000	80,258,000
Asia:					
Chinese Government.....	4	8	252,000		211,680
Dutch East Indies.....	5½	30	50,000,000		44,500,000
City of Tel-Aviv, Palestine.....	6½	5-20	350,000		350,000
Oriental Development Co. (guaranteed by Japanese Government).....	6	20	19,900,000		18,308,000
Total.....			70,502,000		63,369,680
Latin America:					
Argentine Government.....	6	1½	55,000,000	50,000,000	4,725,000
City of Buenos Aires.....	6½		1,500,000		500,000
City of Medellin, Colombia ³			2,500,000	2,500,000	
Cuban Government.....	5½	30	50,000,000	6,000,000	43,625,000
State of Maranhao, Brazil ⁴	8		1,500,000		1,500,000
State of Sergipe, Brazil ⁵	8		1,000,000		1,000,000
Salvadoran Government.....	8	25	6,000,000		6,000,000
Panama Government.....	5½	30	4,500,000		4,387,500
Total.....			121,000,000	58,500,000	61,737,500
Canadian Government, Provinces, and municipalities.....			100,000,000	60,000,000	40,000,000
Philippine Islands.....	4½	30	2,000,000		1,940,000
Total, Governments, Provinces, and municipalities.....			393,502,000	133,500,000	247,305,180

CORPORATE

Europe:					
American Congo Co., of Bel- gium (stock).....			510,000		510,000
International Match Co., Sweden.....	6½	20	15,000,000		14,175,000
Italian Power Co.....	6½	5	2,000,000		1,980,000
Italian Submarine Cable Co. (stock).....			8,557,000		8,557,000
Mercurbank, Austria (stock).....			1,500,000		1,500,000
Total.....			27,567,000		26,722,000
Latin America:					
American & Foreign Power Co., preferred stock.....	7		40,000,000		38,400,000
Beattie Sugar Co., Cuba.....	7½	19	3,000,000		3,000,000
Cuyamel Fruit Co., Hon- duras (stock).....			2,942,500		2,942,500
Ermita Sugar Co., Cuba.....	7½	20	1,200,000		1,200,000

¹ Based on market price, and not including refunding issues.

² Bankers loans. Terms not known.

³ Approximate amount of Treasury notes held in this country and offered for conversion into 4 per cent consolidation bonds.

⁴ Approximate amount of bonds of a total issue of 60,000,000 pesos, offered at the rate of \$320 per 1,000 pesos.

⁵ Estimated.

Foreign capital flotations in the United States, 1923—Continued

Securities	Rate	Term	Total nominal capital	Refunding nominal capital	Total actual new investment
CORPORATE—continued					
Latin America—Continued.					
International Telegraph & Telephone (stock).....			\$3,425,000		\$3,425,000
Violet Sugar Co., Cuba.....	7	1-12	679,000		682,259
Warner Sugar Co., Cuba.....	7	15	6,000,000	\$4,000,000	1,930,000
Total.....			57,246,500	4,000,000	51,579,759

Foreign capital flotations in the United States, 1923—Continued

Securities	Rate	Term	Total nominal capital	Refunding nominal capital	Total actual new investment
CORPORATE—continued					
Canada.....			\$80,000,000	\$6,000,000	\$52,000,000
Total corporations.....			144,813,500	10,000,000	130,301,759
Total, Governments, Provinces, and municipalities.....			393,502,000	134,000,000	246,805,180
Total capital flotations.....			538,315,500	144,000,000	377,106,939

Foreign capital flotations publicly offered in the United States during 1924¹

[Footnotes at end of table]

Securities	Total nominal capital	Refunding nominal capital ²	Interest	Term	Yield	Price	Due
FOREIGN GOVERNMENTS, PROVINCES, AND MUNICIPALITIES							
(Including corporate issues guaranteed by governmental agencies)							
Europe:							
Lower Austrian Hydro-Electric Power Co. (guaranteed by Province of Lower Austria).....	\$3,000,000		6.5	20 years	8	85	1944.
Kingdom of Belgium.....	30,000,000	\$30,000,000	6.5	25 years	7	94	1949.
Do.....	50,000,000		6	30 years	7	87½	1955.
Czechoslovak Republic.....	9,250,000		8	28 years	8.3	96½	1952.
Carlsbad, Czechoslovakia.....	1,500,000		8	30 years	8.5	94½	1954.
Industrial Mortgage Bank of Finland, guaranteed	12,000,000		7	20 years	7.5	95	1944.
Finnish guaranteed (municipal loan).....	7,000,000		6.5	30 years	7.23	91	1954.
French Republic.....	100,000,000	(¹)	7	25 years	7.53	94	1949.
Paris-Orleans Railway Co.....	10,000,000		7		7.6	92¾	1954.
Paris-Lyon-Mediterranean Railway Co.....	2,200,000			6 months	5.25		
Do.....	20,000,000		7	34 years	7.55	93¼	1958.
Nord Railway Co.....	15,000,000		6.5		7.5	88½	1950.
French National Mail Steamship Line.....	10,000,000		7	25 years	7.8	91	1949.
German Government.....	110,000,000		7	25 years	7.7	92	1940.
Greek Government.....	11,000,000		7	40 years	8	88	1964.
Kingdom of Hungary.....	7,500,000		7.5	20 years	8.85	87½	1944.
Do.....	1,500,000		(¹)	(¹)	(¹)	(¹)	(¹)
Kingdom of the Netherlands.....	40,000,000		6	30 years	6.1	93½	1954.
City of Rotterdam.....	6,000,000		6	40 years	6.13	98	1964.
Kingdom of Norway.....	25,000,000		6	20 years	6.22	97½	1944.
City of Christiania.....	2,000,000		6	30 years	6.15	98	1954.
City of Bergen.....	2,000,000		6	25 years	6.15	98	1949.
Christiania tramways (guaranteed by the city).....	1,400,000		5	2 years	4.875	100¼	1923.
City of Trondhjem.....	2,500,000		6.5	20 years	6.85	96	1944.
Kingdom of the Serbs, Croats, and Slovenes.....	3,000,000		6	7 months		100	Mar., 1925.
Swedish Government.....	30,000,000		5.5	30 years	5.5	99½	1954.
Government of Switzerland.....	30,000,000		5.5	22 years	5.7	97½	1946.
Total nominal.....	541,850,000						
Refunding.....	30,000,000						
Nominal new capital.....	511,850,000						
Latin America:							
Government of the Argentine.....	40,000,000	40,000,000	6	33 years	6.25	96½	1957.
Do.....	20,000,000	15,000,000	5.5	6 months	5.5	100	Aug., 1924.
Do.....	10,000,000		5.25	1 year	5	100¼	June, 1925.
Do.....	5,000,000		4	6 months	4	100	1925.
Do.....	30,000,000		6	34 years	6.35	95	1958.
Do.....	20,000,000	20,000,000	5	6 months	3.875		Feb., 1925.
City of Buenos Aires.....	8,400,000		6.5	31½ years	6.75	96½	1955.
Province of Buenos Aires.....	2,000,000		5.5	6 months	4.5		Apr., 1925.
Republic of Bolivia.....	2,000,000		8	23 years			1947.
Do.....	3,000,000		8	23 years	8.7	93	1947.
City of Bogota (Colombia).....	6,000,000		8	21 years	8.2	98	1945.
Municipality of Medellin (Colombia).....	3,000,000	2,500,000	8	25 years	8.19	98	1948.
Dominican Republic.....	2,500,000		5.5	2 years	5.5	100	Sept., 1926.
Government of Mexico.....	(¹)						
Republic of Peru.....	7,000,000		8	20 years	8.05	99¼	1944.
Total nominal.....	158,990,000						
Refunding.....	77,500,000						
Nominal new capital.....	81,490,000						
Canada and Newfoundland:							
Dominion of Canada.....	90,000,000	90,000,000	4	1 year	4	100	1925.
Canadian National Railways.....	20,000,000		4	3 years	4.4	98¾	July, 1927.
Do.....	9,375,000		4.5	1 to 14 years	4.75		1925-1939.
Do.....	26,000,000		4.5	30 years	4.75	96	1954.
Province of Alberta.....	2,500,000		5	15 years	5.4	95½	1939.
City of Calgary, Alberta.....	697,000		5.5	30 years	5.4		1954.
Do.....	1,050,000		5.5	20 years	5.95	92½	1944.
Province of British Columbia.....	2,000,000	1,000,000	5	25 years	5.23	96½	1949.
Do.....	3,000,000		4.5	3 years	4.6	99¾	1927.
Do.....	3,000,000		5	25 years	5.05	99¼	1949.
Do.....	2,000,000	2,000,000	5	15 years	5	100	1939.
City of Prince Rupert, British Columbia.....	155,000		6	2 to 5 years	6	100	1926-1929.
City of Burnaby, British Columbia.....	250,000	80,000	5.5	5 years	5.7	99	1929.
City of Victoria.....	665,000		5	20 years		93½	
Province of Manitoba.....	2,600,000	2,600,000	5	20 years	5.12	98½	1944.
Greater Winnipeg water district.....	2,060,000	2,060,000	5	5 years	5.35	98½	1929.
Do.....	1,040,000	1,040,000	5	20 years	5.1	98¾	1944.
City of Winnipeg.....	2,000,000		5	20 years	4.83	100½	1944.
Province of New Brunswick.....	800,000		5	10 years	5.12	99	1934.
Do.....	1,161,000		5	10 years	4.85	101¼	1934.
Province of Nova Scotia.....	1,500,000		5	10 years	4.85	101¼	1934.
Do.....	2,000,000	2,000,000	4.5	2 years	4.2	100½	1926.
Province of Ontario.....	5,000,000	5,000,000	4.5	20 years	4.75	96¾	1944.
Do.....	3,000,000	3,000,000	5	7 months			1925.
Do.....	6,000,000		8.5	9 months	3.99	99½	Sept., 1925.

Foreign capital flotations publicly offered in the United States during 1924—Continued

Securities	Total nominal capital	Refunding nominal capital	Interest	Term	Yield	Price	Due
FOREIGN GOVERNMENTS, PROVINCES, AND MUNICIPALITIES—continued							
Canada and Newfoundland—Continued.							
City of Ottawa.....	\$1,788,000		5.5	1 to 29 years.....	5.2		1924-1953.
Do.....	2,423,000		5	1 to 30 years.....	3.75 to 4.9		1925-1954.
City of Toronto (harbor commissioners).....	\$3,000,000		4.5	29 years.....	5.15	90½	1953.
Ford City, Ontario.....	468,984		6	6 months to 19 years.....	5.5 to 5.75		1924-1943.
City of Montreal.....	9,700,000	\$3,000,000	5	20 to 40 years.....	5.25		1943-1963.
Montreal Metropolitan Commission.....	\$2,612,000		5	27 years.....	5.23	96½	1951.
City of Westmount.....	200,000		5	1 to 40 years.....		101½	1924-1934.
Government of Newfoundland.....	3,500,000		5.5	20 years.....	5.5	100	1944.
Total nominal.....	210,547,984						
Refunding.....	111,780,000						
Nominal new capital.....	98,767,984						
Asia:							
Japanese Government.....	\$125,000,000	\$65,988,500	\$6.5	30 years.....	7.	92½	1954.
Industrial Bank of Japan.....	22,000,000		6		5.25	99½	1927.
Philippine Government.....	1,500,000		4.5	28 years.....	4.57	98½	1952.
Total nominal.....	148,400,000						
Refunding.....	65,988,500						
Nominal new capital.....	82,511,500						
Total, Governments, Provinces, and municipalities.....	1,059,887,984						
Refunding.....	285,268,000						
Nominal new capital.....	774,619,984						
CORPORATE							
Europe:							
Solvay & Co. (Belgium).....	10,000,000	10,000,000	6	10 years.....	6.07	99½	1934.
International Power & Securities Co. (Union d'Electricite of Paris).....	4,000,000		6.50	30 years.....	7	93½	1954.
Fried. Krupp (Ltd.).....	10,000,000		7	5 years.....	7.18	99½	Dec. 15, 1929.
International Match Corporation.....	15,750,000	15,750,000					
Total nominal.....	39,750,000						
Refunding.....	25,750,000						
Nominal new capital.....	14,000,000						
Latin America:							
Andes Copper Co. (Chile), amount paid up.....	10,000,000		7	18 years.....	7	100	1943.
Antilla Sugar Co. (Cuba).....	6,000,000		7.5	15 years.....	7.65	98	1939.
Cespedes Sugar Co. (Cuba).....	3,000,000		7.5	15 years.....	7.8	99	1939.
Cuban Dominican Sugar Co.....	15,000,000	10,000,000	7.5	20 years.....	7.75	97½	1944.
Sugar Estates of Oriente (Inc.).....	2,000,000		8		8.5	93½	(19)
Ferrer Sugar Co. of Cuba.....	1,500,000		7.5	15 years.....	7.5	99½	1939.
Cuban Northern Railways.....	4,500,000		6		6.75	89½	1966.
Do.....	1,680,000		6.5	1 to 8 years.....	6.27		1925-1932.
International Railways of Central America—Guatemala.....	1,000,000		5	48 years.....	7.15	71	1972.
Do.....	2,500,000		5	48 years.....	6.63	76	1972.
Venezuelan Petroleum Corporation.....	1,202,500					(11)	
Total nominal.....	43,382,500						
Refunding.....	10,000,000						
Nominal new capital.....	38,382,500						
Canada:							
Montreal Tramways & Power (Ltd.).....	\$8,000,000	8,000,000	6	5 years.....	6.8	99½	1929.
Asbestos Mines (Ltd.).....	1,000,000		7			99	1929.
Wood & English (Ltd.), British Columbia.....	1,000,000		7				1939.
St. Regis Paper Co. of Canada.....	1,500,000		6.5	5 to 10 years.....	6 to 6.6		1929-1934.
Duke Price Power Co.....	12,000,000		6	25 years.....	6.08	99	1949.
Canadian Pacific Railway.....	10,000,000		4		(12)	(12)	
Winnipeg Electric Railway.....	\$6,000,000	3,250,000	6	30 years.....	6.4	99½	1954.
St. Maurice Paper Co.....	2,600,000		5.5	5 years.....	5.8	98½	1929.
Cosmos Imperial Mills.....	\$1,000,000		6.5	20 years.....	6.57	99	1944.
King Edward Hotel Co.....	1,000,000		7			99	
Montreal Tramways Co.....	3,250,000		5	30 years.....	5.45	95	1954.
Total nominal.....	46,256,000						
Refunding.....	11,250,000						
Nominal new capital.....	35,016,000						
Asia:							
Great Consolidated Electric Power Co. (Ltd.)—Japan.....	15,000,000		7	20 years.....	7.85	91½	1944.
Manila Electric Railway Co.....	500,000		7	18 years.....	7	100	1942.
Total nominal.....	15,500,000						
Total corporate.....	149,898,500						
Refunding.....	47,000,000						
Nominal new capital.....	102,898,500						
Grand total.....	1,209,786,484						
Refunding.....	332,268,000						
Nominal new capital.....	877,518,484						

¹ This list is supplementary to one published in Commerce Reports of Jan. 26, 1925. Some errors have been corrected and some additions have been made.

² Refunding in this table indicates that part of the proceeds of the loan will be used for repayment of issues maturing in the United States. The refunding of internal obligations is not taken into consideration.

³ This loan was used in part to refund a credit by a number of American banks. It is considered as new capital because the original credit has been omitted from this list.

⁴ Terms unknown. Represents the portion of the Hungarian international loan which was originally allotted for sale in Hungary, but was later offered in this country.

⁵ A \$50,000,000 Mexican Government loan was offered by a Texas banker October, 1924. The Government has officially announced that the loan contract with this banker has been canceled because he failed to secure the amounts called for within the time limit.

⁶ Partly sold in Canada. It is added to the total in order to partly offset old domestic issues that were sold in the United States in 1924 (such as two city of Toronto loans).

⁷ Represents estimated amount of \$20,000,000 issue sold in the United States.

⁸ Estimated by the Japanese Financial Commission, New York.

⁹ Represents portion of \$150,000,000 loan sold in the United States; remainder, or \$25,000,000, was disposed of in the Netherlands.

¹⁰ Preferred stock.

¹¹ 370,000 shares of capital stock at \$3.25.

¹² Debenture stock at 81 to yield 4.94.

Foreign loans publicly offered in the United States from January 1, 1925, to September 26, 1925
[Footnotes at the end of table]

Description	Total nominal capital	Refunding nominal capital	Interest	Term	Yield	Price	Maturity	Issuing bankers
FOREIGN GOVERNMENTS, PROVINCES AND MUNICIPALITIES (INCLUDING CORPORATE ISSUES GUARANTEED BY GOVERNMENTAL AGENCIES)								
Europe:								
Austria—			<i>Per ct.</i>	<i>Years</i>	<i>Per ct.</i>			
City of Graz.....	\$2,500,000	-----	8	30	8.17	98	1954	C. B. Richard & Co.; John Nickerson & Co.
Province of Upper Austria.....	5,000,000	-----	7	20	8.75	92½	1945	Morgan, Livermore & Co.; Blyth, Witter & Co.; Baker, Kellogg & Co.; Eastman, Dillon & Co.
Tyrol Hydro-Electric Power Co. (guaranteed by the State of Tyrol and the city of Innsbruck).....	3,000,000	-----	7½	30	7.80	96½	1955	F. J. Lisman & Co.; Morgan, Livermore & Co.; Baker, Kellogg & Co.; A. M. Lamport & Co.
Belgium, Kingdom of Belgium.....	50,000,000	-----	7	30	7.15	98	1955	J. P. Morgan & Co.; Guaranty Co.; National City Co.; Bankers Trust Co.; Dillon, Read & Co.; Harris, Forbes & Co.; Halsey, Stuart & Co.; etc.
Denmark—								
Kingdom of Denmark.....	\$26,500,000	\$25,000,000	5½	30	5½	90½	1955	Guaranty Co. of N. Y.; Dillon, Read & Co.; Union Trust Co. of Pittsburgh.
Mortgage Bank of the Kingdom of Denmark (guaranteed).....	5,000,000	-----	6	45	6.05	99	1970	Blair & Co.; Brown Bros. & Co.; White, Weld & Co.
Finland, Republic of Finland.....	10,000,000	-----	7	25	7.50	94	1950	Guaranty Co.; National City Co.; Brown Bros. & Co.; Lee, Higginson & Co.; New York Trust Co.; Continental & Commercial Trust & Savings Co. of Chicago.
France, Est. Railway Co. of France.....	20,000,000	-----	7	20	8.10	87½	1954	Dillon, Read & Co.; White, Weld & Co.; Cassatt & Co.; Union Trust Co. of Cleveland; Marshall Field, Glorie, Ward & Co.
Germany—								
Saxon Public Works (Inc.) (guaranteed by the State of Saxony).....	15,000,000	-----	7	20	7.80	92	1945	National City Co.
City of Berlin.....	15,000,000	-----	6½	25	7½	89	1950	Speyer & Co.; Blair & Co. (Inc.); Equitable Trust Co.
City of Cologne.....	\$8,000,000	(1)	6½	25	7.62	87½	1950	Blair & Co. (Inc.); Blyth, Witter & Co. (Inc.); Halsey, Stuart & Co. (Inc.); A. G. Becker & Co.; Fifth-Third National Bank, Cincinnati; Stifel, Nicolaus & Co. (Inc.).
City of Munich.....	8,700,000	-----	7	1-20	7-7.65	93½-100	(2)	Harris, Forbes & Co.; Harris, Forbes & Co. (Ltd.), Montreal; Harris Trust & Savings Bank, Chicago.
State of Bremen.....	\$7,500,000	(3)	7	10	7.75	94½	1935	Guaranty Co. of New York; Dillon, Read & Co.
Hungary, Hungarian consolidated municipal loan.....	10,000,000	-----	7½	20	8.67	89	1945	Speyer & Co.
Norway—								
Kingdom of Norway.....	\$30,000,000	\$8,000,000	5½	40	5.70	96½	1965	Bankers Trust Co.; Blair & Co.; Blyth, Witter & Co.; Equitable Trust Co.; Brown Bros. & Co.; White, Weld & Co.
City of Oslo.....	8,000,000	-----	6	30	-----	99½	1955	Kuhn, Loeb & Co.
Do.....	\$2,132,000	-----	5½	20	5.80	95½	1945	L. F. Rothschild & Co.
Poland, Republic of Poland.....	35,000,000	-----	8	25	8.53	95	1950	Dillon, Read & Co.
Saar Territory—								
City of Saarbruecken.....	3,000,000	-----	7	10	7.55	96	1935	Ames, Emerich & Co.; Strupp & Co.
Saar Basin Consolidated Counties.....	4,000,000	-----	7	10	7.58	97	1935	Ames, Emerich & Co.; Central Trust Co. of Illinois; Federal Securities Corporation; Strupp & Co.
Yugoslavia, Kingdom of the Serbs, Croats, and Slovenes.....	3,000,000	3,000,000	6	½	6	100	1925	Blair & Co.
Total nominal European governments, etc.....	271,332,000	-----						
Total refunding.....	46,000,000	-----						
Total nominal new capital.....	225,332,000	-----						
Latin America:								
Argentina—								
Government of the Argentine Nation.....	25,000,000	25,000,000	4½	½	4½	100	1925	Halsey, Stuart & Co.; Equitable Trust Co.; Brown Bros. & Co.; White, Weld & Co., etc.
Do.....	45,000,000	20,000,000	6	34	6.25	96	1959	J. P. Morgan & Co.; National City Co.
Do.....	29,700,000	29,700,000	6	34	6.25	96½	1959	Do.
Province of Cordova.....	5,943,000	-----	7	17½	7½	95	1942	Harris, Forbes & Co.; First National Corporation; Kissell, Kinnicutt & Co.
Province of Santa Fe.....	10,188,000	-----	7	17	7.40	96	1942	Dillon, Read & Co.; White, Weld & Co.
Province of Buenos Aires.....	2,000,000	-----	5½	½	5½	100	Mar. 1, 1926	Blair & Co. (Inc.); Illinois Merchants Trust Co.; Halsey, Stuart & Co.
Brazil, State of Sao Paulo.....	\$15,000,000	-----	8	25	8.10	99½	1950	Blair & Co. (Inc.); Speyer & Co.; Equitable Trust Co.; Blyth, Witter & Co.; E. H. Rollins & Sons; Ladenburg, Thalmann & Co.; J. Henry Schroder & Co.
Colombia, city of Barranquilla.....	500,000	-----	8	10	8.15	99	1935	Central Trust Co. of Illinois; Schluter & Co. (Inc.).
Chile, Mortgage Bank of Chile (guaranteed by the Chilean Government).....	20,000,000	-----	6½	32	6.70	97½	1957	Kuhn, Loeb & Co.; Guaranty Co.
Costa Rica, Republic of Costa Rica, customs lien.....	\$1,459,950	-----	5	33	8.15	70	1958	F. J. Lisman & Co.
Total nominal.....	154,790,950	-----						
Refunding.....	74,700,000	-----						
Nominal new capital.....	80,090,950	-----						
Canada:								
Dominion of Canada.....	70,000,000	\$70,000,000	4	1	-----	99½	Sept. 1, 1926	Blair & Co.; The Equitable Trust Co.; First National Corporation of Boston.
Canadian National Railways (guaranteed by the Dominion).....	\$18,000,000	11,000,000	4½	5	4.52	99½	1930	Guaranty Co.; National City Co.; Bankers Trust Co.; Dillon, Read & Co.; Harris, Forbes & Co., etc.
Canadian Northern Railways (guaranteed by the Dominion).....	\$17,000,000	-----	4½	10	4.8	97½	1935	Guaranty Co.; National City Co.; Bankers Trust Co.; Dillon, Read & Co.; Harris, Forbes & Co., etc.
Province of Alberta.....	3,740,000	-----	5	25	5	100	1950	National City Co.; Harris Forbes & Co.
Do.....	2,250,000	-----	4½	20	4.80	96.17	1945	J. P. Morgan & Co.; National City Co.
Edmonton, Alberta.....	500,000	-----	5½	8-40	5.40	100½-101½	1933-1965	Brandon, Gordon & Waddell Co.
Calgary, Alberta.....	300,000	-----	5½	19-25	5.30	-----	1944-1954	Ernst & Co.

Foreign loans publicly offered in the United States from January 1, 1925, to September 26, 1925—Continued

Description	Total nominal capital	Refunding nominal capital	Interest	Term	Yield	Price	Maturity	Issuing bankers
FOREIGN GOVERNMENTS, ETC.—CON.								
Canada—Continued.			Per ct.	Years	Per ct.			
Province of British Columbia.....	11 \$1,000,000		4½	3	4½	100	1928	Guaranty Co.; Wood, Gundy & Co., Toronto; A. E. Ames & Co.; Blyth, Witter & Co.
Province of Manitoba.....	3,000,000	\$3,000,000	4½	2	4.43	100½	1927	Brown Bros. & Co., First National Bank, New York Bank of Montreal; Kissell, Kinnicutt & Co.; Redmond & Co.
Do.....	2,500,000	2,500,000	4½	20	4.85	95½	1945	Do.
Province of New Brunswick.....	808,000		4½	10	4.70	100¾	1935	E. H. Rollins & Sons.
Do.....	882,000		4½	10	4½	100	1935	Brown Bros. & Co.; First National Bank, New York; Bank of Montreal; Kissell, Kinnicutt & Co.; Redmond & Co.
Province of Nova Scotia.....	11 3,500,000	3,000,000	4½	2	4.3	100¾	1927	Do.
Province of Ontario.....	20,000,000	5,000,000	3½	1-2	4-4.375		1926-27	Halsey, Stuart & Co.; Blair & Co.; Equitable Trust Co.; Salomon Bros. & Hutzler; Matthews & Co. (Ltd.); Cochran, Hay & Co. (Ltd.), Toronto; Dominion Securities Corporation (Ltd.), Toronto.
London, Ontario (notes).....	560,000		4					
Province of Quebec.....	10,000,000	10,000,000	4½	25	4.65	97¾	1950	W. A. Harriman & Co.; Rutter & Co.; Redmond & Co.; Blodgett & Co.; Payne, Webber & Co.
Do.....	11 4,000,000		4½	20	4.70	97	1945	Blair & Co.; Equitable Trust Co.; Wood, Gundy & Co., Toronto.
Do.....	11 4,000,000		4½	25	4.70	97	1950	Do.
Do.....	11 5,000,000		4½	25	4.70	97½	1950	National City Co.; Harris, Forbes & Co.; Wood, Gundy & Co., Toronto.
Province of Saskatchewan.....	11 2,000,000		4½	20	4.80	96¾	1945	Dillon, Read & Co.; Wood, Gundy & Co., Toronto; Dominion Security Corporation (Ltd.), Toronto.
City of Winnipeg.....	2,000,000		4½	25	4.80	95½	1950	Halsey, Stuart & Co.; Blair & Co.; Equitable Trust Co.
Total nominal.....	11 174,040,000							
Refunding.....	108,500,000							
Nominal new capital.....	65,540,000							
Asia:								
Philippine Islands—								
Philippine government.....	1,000,000		5	20	4.55	103¾	1945	National City Co.
Do.....	11 1,000,000		4½	27	4.55	99	1952	Do.
Australia, Commonwealth of Australia.....	75,000,000		5	30	5.03	99½	1955	J. P. Morgan & Co.; First National Bank, New York; Guaranty Co., New York; Harris, Forbes & Co.; Brown Bros. & Co.; National City Co.; Bankers Trust Co.; Lee, Higginson & Co.; Kidder, Peabody & Co.
Total new capital.....	77,000,000							
Total, governments, provinces and municipalities (including corporate issues guaranteed by governmental agencies).....	677,162,950							
Nominal refunding.....	229,200,000							
Nominal new capital.....	447,962,950							
CORPORATE								
Europe:								
Austria, Alpine Montan Steel Corporation.....	5,000,000		7	30	7.80	91	1955	F. J. Lisman & Co.; Morgan, Livermore & Co.; A. M. Larnport & Co. (Inc.).
Denmark—								
Copenhagen Telephone Co.....	2,000,000		6	25	6.03	99¾	1950	Guaranty Co. of New York; Dillon, Read & Co.
Burmeister & Wain (Ltd.), Copenhagen.....	2,000,000		6	15	6.50	96¾	1940	Blair & Co.; Brown Bros. & Co.; White, Weld & Co.
Germany—								
August Thyssen Iron and Works.....	12,000,000		7	5	7.35	98½	1930	Dillon, Read & Co.
Allgemeine Elektrizitäts Gesellschaft.....	10,000,000		7	20	7.70	93¾	1945	National City Co.
Siemens & Halske.....	11 4,250,000		7	3	7.37	99	1928	Dillon, Read & Co.; Marshall Field, Glorie, Ward & Co.; Union Trust Co., Cleveland; Central Trust Co. of Illinois, Chicago.
Do.....	11 4,250,000		7	10	7.64	96½	1935	Do.
Electric Power Corporation.....	5,000,000		6½	25	7.67	87	1950	Harris, Forbes & Co., Brown Bros. & Co., Lee, Higginson & Co.
Do.....	2,500,000		6½	25	7.68	87	1950	Do.
Central Bank for Agriculture.....	11 19,000,000		7	25	7.63	93	1950	National City Co.; Harris, Forbes & Co.; Lee, Higginson & Co.
Greece, Anglo-American Bank.....	600,000		(16)	(17)	(17)	(17)	(17)	Pitcher & Co. (Inc.).
Hungary, Rim Steel Corporation.....	3,000,000		7	30	8	88	1955	F. J. Lisman & Co.
Italy, Benigno-Crespi Società Anonima, Milan.....	11 997,400		5	5-30		96	1930-1955	J. A. Sisto & Co.
Poland, International Match Corporation, preferred shares.....	11 \$20,250,000				7.10			Lee, Higginson & Co.; Guaranty Co. of New York; National City Co.; Brown Bros. & Co.; Dillon Read & Co.; Clark Dodge & Co.
Total nominal new capital.....	90,847,400							
Latin America:								
Colombia, Andian National Corporation.....	11 10,000,000		6	15	6	100	1940	Jessup & Lamont.
Cuba—								
Cuba Co.....	10,000,000		6	10	6.20	98½	1935	Blair & Co., W. A. Harriman & Co. (Inc.)
Sugar Estates of Oriente (Inc.).....	1,350,000	1,350,000	8	(20)	8	100		Potter & Co.
Punta Alegre Sugar Co.....	2,000,000		6	2	6.34	99¾	1927	Brown Bros. & Co.; Hayden, Stone & Co.; First National Corporation.
Honduras, Cuyamel Fruit Co.....	5,000,000	2,975,000	6	15	6.10	99	1940	Goldman, Sachs & Co.; Lehman Bros.; A. G. Becker & Co.; Ames, Emerich & Co.; Hibernia Securities Corporation.

Foreign loans publicly offered in the United States from January 1, 1925, to September 26, 1925—Continued

Description	Total nominal capital	Refunding nominal capital	Interest	Term	Yield	Price	Maturity	Issuing bankers
CORPORATE—continued								
Latin-America—Continued.								
Guatemala—			<i>Per ct.</i>	<i>Years</i>	<i>Per ct.</i>			
International Railways of Central America.	\$1,600,000		5	47	6.50	79½	1972	F. J. Lisman & Co.
Total nominal	29,950,000							
Refunding	4,325,000							
Total nominal new capital	25,625,000							
Canada:								
Price Bros. & Co. (Ltd.)	5,000,000		6	18	5.90	101	1943	Harris, Forbes & Co.
A. P. & W. Pulp & Paper (Ltd.)	800,000		7	20	7	100	1945	Taylor, Ewart & Co. (Inc.); Sweet, Feary & Co. (Inc.), Chicago.
Wilder Realty Co., Montreal	570,000		6½	15	6.50	100	1940	Fenton, Davis & Boyle, Detroit; Otis & Co., Cleveland.
Christie Brown Co. (Ltd.)	1,000,000		7		7.14	98		
Bel Telephone Co. of Canada	10,000,000	5,500,000	5	30	5.13	98	1955	Harris, Forbes & Co.; Lee, Higginson & Co.; Royal Securities Corporation (Ltd.), Toronto.
Fraser Co. (Ltd.)	3,500,000		6	25	6.20	97½	1950	Wood, Gundy & Co., Toronto; Royal Securities Corporation (Ltd.), Toronto.
Montreal Tramways	7,000,000		5	30	5.85	88	1955	Aldred & Co. Minsch, Monell & Co.
Peck Logging Co. (Ltd.), Vancouver, British Columbia.	125,000		7	8	7*	100	1933	Freeman, Smith & Camp, Portland, Oreg.
National Grocers Co. (Ltd.)	2,000,000		6½	7	6.60	99½	1932	Continental & Commercial Savings Bank, Chicago; Pynchon & Co.
Total nominal	29,950,000							
Refunding	5,500,000							
Total nominal new capital	24,450,000							
Asia:								
Japan—								
Toho Electric Power Corporation (Ltd.)	15,000,000		7	30	7.80	90½	1955	Guaranty Co. of New York; Harris, Forbes & Co., Lee, Higginson & Co.
Ujigawa Electric Power Co. (Ltd.)	14,000,000		7	20	7.90	91	1945	Guaranty Co. of New York; Harris, Forbes & Co., Brown Bros. & Co.; Lee, Higginson & Co.; Stone & Webster Co.
Great Consolidated Electric Power Co. (Ltd.)	13,500,000		6½	25	7.75	86	1950	Dillon, Reed & Co., Guaranty Co. of New York; Harris, Forbes & Co.; Bonbright & Co.
Tokyo Electric Light Co. (Ltd.)	24,000,000		6	3	6.40	98½	1928	Guaranty Co. of New York; Dillon, Reed & Co.; Lee, Higginson & Co.; Harris, Forbes & Co.
Total nominal new capital	66,500,000							

RECAPITULATION

	Total (nominal)	Refunding (nominal)	New capital (nominal)
I. Foreign governments, provinces, and municipalities (including corporate issues guaranteed by governmental agencies):			
Europe	\$271,332,000	\$46,000,000	\$225,332,000
Latin America	154,790,950	74,700,000	80,090,950
Canada	174,040,000	108,500,000	65,540,000
Asia	77,000,000		77,000,000
Total governmental	677,162,950	229,200,000	447,962,950
II. Corporate:			
Europe	90,847,400		90,847,400
Latin America	29,950,000	4,325,000	25,625,000
Canada	29,995,000	5,500,000	24,495,000
Asia	66,500,000		66,500,000
Total corporate	217,292,400	9,825,000	207,467,400
III. Geographical distribution:			
Total Europe	362,179,400	46,000,000	316,179,400
Total Latin America	184,740,950	79,025,000	105,715,950
Total Canada	204,035,000	114,000,000	90,035,000
Total Asia	143,500,000		143,500,000
Grand total	894,455,350	239,025,000	655,430,350
PROVISIONAL TOTALS FOR YEAR JAN. 1, 1925, TO JAN. 1, 1926 (SUBJECT TO CORRECTION)			
I. Foreign governments, provinces, and municipalities (including corporate issues guaranteed by governmental agencies):			
Europe	442,782,000	46,000,000	396,782,000
Latin America	169,640,950	76,700,000	92,940,950
Canada	200,315,000	106,775,000	93,540,000
Asia	78,000,000		78,000,000
Total governmental	890,737,950	229,475,000	661,262,950
II. Corporate:			
Europe	201,617,400		201,617,400
Latin America	47,700,000	4,325,000	43,375,000
Canada	67,927,100	8,000,000	59,927,100
Asia	66,500,000		66,500,000
Total corporate	383,744,500	12,325,000	371,419,500

Foreign loans publicly offered in the United States from January 1, 1925, to September 26, 1926—Continued

RECAPITULATION—Continued

	Total (nominal)	Refunding (nominal)	New capital (nominal)
III. Geographical distribution:			
Total Europe.....	\$644,399,400	\$46,000,000	\$598,399,400
Total Latin America.....	217,340,950	81,025,000	136,315,950
Total Canada.....	268,242,100	114,775,000	153,467,100
Total Asia.....	144,500,000		144,500,000
Grand total 1925.....	1,274,482,450	241,800,000	1,032,682,450
1924.....	1,209,786,484	332,268,000	877,518,484
1923.....	538,315,500	144,000,000	377,106,939
1922.....	841,335,000	147,251,000	694,084,000
	3,864,919,434	865,319,000	2,981,391,873

¹ Total amount issued \$30,000,000, of which \$2,000,000 was offered in the Netherlands and \$1,500,000 in Switzerland.² Total amount issued \$10,000,000, of which \$2,000,000 was floated in the Netherlands.³ \$2,000,000 used to refund notes due Dec. 31, 1925. These were not in the refunding column since these notes were never publicly offered.⁴ Serially from Aug. 1, 1926, to 1945.⁵ Total amount issued \$10,000,000, of which \$1,500,000 was offered in Netherlands and \$1,000,000 in Switzerland.⁶ \$5,000,000 used to refund 1-year notes privately offered and maturing on Dec. 31, 1925. The amount is not placed in the refunding column since these notes were never publicly offered.⁷ The Government of Norway has announced its intention of calling the 8 per cent loan of 1920, of which an amount less than \$18,000,000 is now outstanding. Part of the proceeds of this loan will be used for this purpose.⁸ Payable in kroner. Amount, 10,000,000 kroner, converted at rate of exchange on date bonds were issued, Sept. 21, 1925—1 kroner equals 21.32 cents.⁹ Part of this loan was disposed of in the Netherlands.¹⁰ Payable in sterling. Amount offered here, £300,000 at \$680 and interest per £200, converted at par.¹¹ Partially sold in Canada.¹² This figure is about \$13,000,000 higher than an estimate of Canadian loans sold in the United States compiled by A. E. Ames & Co.; the difference doubtless is due to the fact that we have included the total of a number of loans partially sold in Canada.¹³ This is part of an issue previously purchased by an American bank. This portion has not been previously offered publicly.¹⁴ Of this loan, \$750,000 was offered in the Netherlands. The total of this issue was \$5,000,000.¹⁵ Total issue \$25,000,000, of which \$6,000,000 was disposed of in the Netherlands and Switzerland.¹⁶ 100,000 shares at \$6.¹⁷ A Canadian corporation promoting a pipe-line concession in Colombia.¹⁸ This issue is payable in lire, amounting to 25,000,000 lire, converted at the rate of exchange on date of issue of bonds, Sept. 4—1 lira equals 3.99 cents.¹⁹ 450,000 shares, at \$45 per share. Largely used for purchase of Polish match monopoly.²⁰ Preferred stock.²¹ Portion of a \$25,000,000 issue offered in the United States.

Mr. COLLIER. Mr. Chairman, I yield 20 minutes to the gentleman from Oklahoma [Mr. McKEOWN].

The CHAIRMAN. The gentleman from Oklahoma is recognized for 20 minutes.

Mr. McKEOWN. Mr. Chairman and gentlemen of the House, the gentleman from New York [Mr. MILLS] says that this matter should be approached in a business way; that this is a business matter; and for that reason you should not be swept off your feet by arguments that contain sentiment, but that your cool and deliberate judgment should be used in determining this question of debt settlements.

For my own part I regret that it is necessary to discuss questions of such delicate nature between nations in an open forum, for the reason that in our zeal some unguarded statement might be made that eventually might cause a great deal of friction or trouble to the State Department, which has to deal with this question. But it is here, and I, as a representative of the people of my State, propose to express my sentiments on this debt settlement.

Gentlemen say it is a business matter. It is a business matter and of the greatest importance to the people of this country. When the debt settlement proceeded with the English people there were some concessions made to Great Britain; and, gentlemen, I for one felt that we ought to make some concessions to Great Britain, because I recall that on that memorable night when the dies of fate had been cast in the council at Potsdam, that memorable night when the statesmen of England waited in silence and suspense for the hour of 11 o'clock to come, the fateful hour that was to decide whether or not England should cast her fortunes into this breach that had occurred between Belgium and Germany—when that hour came Great Britain met that crisis as Britishers have always met crises in the past, and she cast herself on the side of civilization and on the side of the integrity of contracts.

The English-speaking people have stood at all times in the world's history for the integrity of contracts. It would have been easy enough for Great Britain to have avoided the war, aside from the encroachments on Belgium. They knew that Germany was not after Great Britain. But England had signed a contract—England had signed a treaty—and old England was going to make good when the time came for her to make good, and she plunged into war.

Mr. BLOOM. Will the gentleman yield?

Mr. McKEOWN. Yes.

Mr. BLOOM. Does not the gentleman think Italy is likewise entitled to consideration for entering on the side of the Allies?

Mr. McKEOWN. Yes.

I was willing, I say, that some concessions should be made to Great Britain. I was willing for some concessions to be made to all of the Allies. But I am not willing for Republican poli-

ticians to write in their platform and receive a large majority vote at the polls on the proposition that they oppose debt canceling and then come in here and offer me a cancellation of 75 per cent of the debt of any country. [Applause.]

Yes; it is a nonpartisan question. Let us meet it in a nonpartisan way.

Mr. BLANTON. Mr. Chairman, will the gentleman yield?

Mr. McKEOWN. Not just now, if the gentleman will pardon me.

Gentlemen propose here to grant a cancellation of 75 per cent, and they bring great figures here to show the capacity and the incapacity of Italy to meet this settlement. Why, my friends, every student of economy knows that Italy, even before the war, was a nation unable to keep pace with her imports and exports. She was a debtor nation before the war. How did she meet the situation? She met it by a system of sending her laborers out into the world, there to labor, and the rich field in which they labored was the United States of America, where Americans believe in a living wage.

They secured this wage, and they remitted it to their mother country. That was one of the methods by which they kept up their trade balance. Another method was the money received from their ships. The Italians are great sailors and great seamen, and through their ships they were able to earn and bring back to the treasury of their country funds with which to meet the balance of trade that was against them.

Oh, yes; the tourists of the world have for many years gone to Italy; they have gone to its sunny clime, to Milan and to Naples, and looked upon the great grandeur of Rome, that proud city which once sat on seven hills and ruled the world. Italy has attracted the tourists of the world, and they have left their money there. In the writings of the economic writers of Italy we find there recorded the fact that Italy receives from \$150,000,000 to \$300,000,000 a year from the tourists, all of which helps balance their trade.

O my friends, I want to give you some figures. Some one says, "What are you going to do if Italy does not accept this settlement?" Here is what I would do about it, and here is what I wish had been done—let it ride. Nobody at home is kicking about their not paying interest now. They know as much about it as we do. They know the distress in that country, and they know the distress in our own country, and they are not kicking about not making them pay. If the debt is any good, it will be just as good 10 years from now as it is to-day, if it ever is to be worth anything. [Applause.] So far as I personally am concerned, if you put it off for 62 years, it does not make any difference to me whether they ever pay it or not. The American baby opening its eyes for the first time to-day will be winding up its earthly affairs by the time the debt will be due.

Mr. BLOOM. Will the gentleman yield?

Mr. McKEOWN. Yes.

Mr. BLOOM. What is Italy going to do in the meantime?

Mr. McKEOWN. She will do like she did before the war; she will economize; she will try to get on her feet, and she is not paying anything now. She will not pay anything under this settlement, so how can she be hurt for 10 years. So I say let it ride.

Mr. BLOOM. But where is she going to get her money?

Mr. McKEOWN. She can get it from the New York bankers just as well to settle with this country as she did before. She did not borrow from our country alone.

Mr. BLOOM. Does the gentleman mean to say that she can borrow \$100,000,000, or more, if this debt settlement is not adjusted?

Mr. McKEOWN. Of course she can borrow just as well without it as she can with it. If the gentleman thinks Italy must have this debt settlement in order to get \$100,000,000, I wish he would tell us why.

Mr. BLOOM. I will tell the gentleman why. She had to have this debt settlement adjusted so as to borrow that money.

Mr. McKEOWN. Why?

Mr. BLOOM. This debt settlement had to be adjusted so as to show that Italy could continue her commercial activities.

Mr. McKEOWN. But the fact is that under the debt settlement we are not getting anything; and if we let it ride for 10 years, will still get nothing from her.

Mr. BLOOM. The bankers will not loan this money unless they have this debt settlement adjusted.

Mr. McSWAIN. Will the gentleman yield to me for a question?

Mr. McKEOWN. Yes.

Mr. McSWAIN. Suppose Congress does not ratify the settlement; will the New York bankers get back the \$100,000,000?

Mr. BLOOM. No.

Mr. BLANTON. Will the gentleman yield for a question?

Mr. McKEOWN. I can not yield now, but I will yield in just a minute. I have some figures which I want to present to the House. You know, gentlemen, I want to show what the people in their own country say about their own economic condition. I think the economic writers of Italy know more about the resources of Italy than some statesman in America knows about conditions in Italy, and when I talk about those writers I am discounting the fact that the Italian is prone, like many other people, and especially like Americans, to brag about his country, but I have no fault to find with him about that. I find from these writings that Italy is building some railroads, while very few railroads are being built in this country. That is one thing to which I want to call your attention. We know, and it is undisputed, that she is a nation which has not met her trade balances, but I can show you that since the war she has overmet her trade balances because of new industries and new things which have occurred.

Now, this is a peculiar thing. They ask us in adopting this debt settlement to pay more than three times the rate of interest. We pay more than three times in taxes the amount Italy pays. Our taxes have been increased three times since the war as compared with Italy's. Italy is paying approximately the same amount she paid before the war. Now, gentlemen say they have little iron ore, and, of course, that is true, and they have very few raw products. However, they have recently discovered a new process by which they make silk wool, which they say is going to revolutionize the silk-wool trade of the world, but they have no chance, under present conditions, to make any entrance into the United States with their new-found product.

Now, Italy had five loans from her own people; she borrowed 15,000,000,000 lire from her own people, and she pays those people from 4½ to 5 per cent, and yet you come here and ask me to vote for a debt-settling proposition by which the Italian Government will pay the United States the puny sum of nothing for 5 years and from 5 years to 50 years the enormous sum of one-eighth of 1 per cent to 1 per cent, while the farmers in my country are glad to get money at 10 per cent interest.

Now, gentlemen, if you have any tears, prepare to shed them now, because I am going to discuss for just a minute the condition of the poor farmers in this country as compared with some who are over in Italy. [Applause.]

Mr. SHALLENBERGER. Will the gentleman yield?

Mr. McKEOWN. Yes.

Mr. SHALLENBERGER. Referring to the question of the rate of interest we are to get on this loan, the gentleman is aware that none of these Governments, not even Italy, has had the face to ask us to remit the interest that has already accrued. In other words, there is over \$300,000,000, at 4 per cent, now due on this loan and included in this settlement, so

that if the matter were permitted to run for 10 years, as the gentleman has indicated, the interest that the Italian Government would be required to pay would amount to as much as we get out of the settlement at present.

Mr. McKEOWN. I thank the gentleman for that suggestion. I want to say to the gentleman from New York [Mr. MILLS], who is now about to cry over the distressful condition of the Italians—and I am one who has no fault to find with the struggling Italian in his own country. I am talking for Tony in America. He is the man I am talking for now. [Applause.] The gentleman from New York is talking for the Tony in Italy. [Laughter and applause.]

You can go down into my country on a cold, frosty morning, and you will see there in the cotton fields of Oklahoma—as prosperous a State as is Oklahoma—you can see there on a cold, chilly morning barefooted children dragging cotton sacks down the rows that are too large for them to drag, trying to eke out a mere existence, living in log cabins that are not fit for human beings, yet I have seen no tears shed for those people by gentlemen from New York or other citizens here who have charge of this great Government.

Mr. GREEN of Iowa. Will the gentleman yield?

Mr. McKEOWN. Yes; I yield to the gentleman.

Mr. GREEN of Iowa. They want to sell that cotton, do they not?

Mr. McKEOWN. Yes, sir; but I want to tell you now, sir, this settlement will not augment the sale of cotton.

Mr. GREEN of Iowa. I think it will.

Mr. McKEOWN. This settlement will not augment the sale of cotton or relieve the distress there. They want clothing. They are barefooted, and they are poor. There are negro farmers down in the Southland that barely make enough to exist from one end of the year to the other. There are men in this House who know the facts and know they are the most optimistic people in the world when it comes to laboring with the mere anticipation of a little food. All they get is what they can eat and wear, with the present prices of cotton in the South, and such a condition of distress should appeal to you men, when we come here and with great magnanimity are going to give to Italy these great sums. We should pay some little attention to these people in distress in the South.

Gentlemen, let me tell you something else. Let me show you the difference in the way you deal with the foreigner and the man at home. What did the great Secretary of the Interior do when they failed out here in the West to be able to meet their payments for water—water that the people must have in order to live and survive and exist and make a little something to live on. Did he give them four years and five years to pay, without interest? No; he shut them off right at the tank and let them "ride her, cowboy," and did not show the splendid, magnanimous spirit you are showing here in this debt settlement.

Let us see what the figures show. The tax burden of Italy in 1913 per capita was \$14.28 and in the same period in the United States it was \$22.73 per capita. Since the war the tax rate per capita in Italy is \$14.28 and in the United States \$42.27, and yet you ask our American citizens in this debt settlement to pay \$400,000,000 while Italy pays \$25,000,000.

The CHAIRMAN. The time of the gentleman from Oklahoma has expired.

Mr. COLLIER. Mr. Chairman, I yield the gentleman five more minutes.

Mr. GREEN of Iowa. Now that the gentleman has more time, will the gentleman yield?

Mr. McKEOWN. Yes; I gladly yield to the gentleman.

Mr. GREEN of Iowa. Does the gentleman think when Italy has only a very small percentage of the wealth this Nation has it is fair to make a per capita comparison? Should not the gentleman make a comparison of the taxes in proportion to the national wealth; and would not the gentleman then find that Italy was paying two or three times as much as we are?

Mr. McKEOWN. Well, I will say this: I obtained these figures from a very reliable source. They were furnished me from New York, and the proposition is simply this: If their Government is able to keep down their taxes since the war to practically what they were before the war, their Government needs some emulation on the part of the United States rather than some donations in a debt settlement. That is what I think about it. [Laughter and applause.]

Mr. GREEN of Iowa. Will the gentleman yield further?

Mr. McKEOWN. Yes; I yield to the gentleman.

Mr. GREEN of Iowa. The amount per capita which the gentleman stated with reference to Italy and the United States is substantially correct, but when the gentleman states Italy is keeping its taxes down to the rates before the war the gentleman is about as far away from the correct position as it is

possible to get, because their taxes are two or three times what they were before the war.

Mr. McKEOWN. I grant you that may be correct, sir; but I am going to say this, if you please, and this is the situation that confronts me: Italy's condition was that of a debtor nation and Italy's condition was a hard one before the war, and gentlemen say that this money that was loaned to her was spent over here in the United States, and that I grant you; and I will say to the gentleman from Iowa that if it was within my power to take that money out of the pockets of the profiteers of this country who took it away from Italy, I would take it from them and make them pay over to Italy what she is having to pay. If you can make them pay part of this debt, it would be about right; because it is true that out of this money she left a lot of this money here, and the fellows who profited on her got away with quite a good deal of it.

Mr. TINCHER. Will the gentleman yield?

Mr. McKEOWN. Yes; I yield to the gentleman from Kansas.

Mr. TINCHER. Does the gentleman know what the money that was loaned by this country to Italy during the war was used for in this country?

Mr. McKEOWN. I imagine it was used to buy a little ammunition and supplies for the Italian Government.

Mr. TINCHER. If the facts are it was used to buy food, does the gentleman want his remarks to stand charging that the people they bought it from were profiteers?

Mr. McKEOWN. Oh well, if the wheat farmers of the West tell me the truth about it, they were robbed out of a lot of money. [Laughter.]

Mr. BLANTON. Will the gentleman yield?

Mr. McKEOWN. Yes.

Mr. BLANTON. The people of Italy repudiate this debt that they made during the war and the Government proposes to enter into a new agreement and agree to pay according to the terms of this settlement. Would not the gentleman like to have an agreement that the people of Italy would be behind?

Mr. McKEOWN. Does the gentleman from Texas say that the people of Italy have repudiated the debt, I have not heard of it.

Mr. BLANTON. I say repudiated to the extent that they can not pay and will not pay according to the terms of the present obligation.

Mr. McKEOWN. Let me say that this settlement reminds me of the fellow that was considered pretty slow pay in the neighborhood. He went to the butcher and said to him "I want to pay you what I owe you and I would like to buy a piece of pork to-day." The butcher thought he was going to pay him, so he cut him off a piece of pork and the fellow picked it up and started out. The butcher said "Why, I thought you was going to pay me," and the fellow said "I told you I wanted to pay you and I do, but I can't." [Laughter.] They say they want to pay us what they borrowed from us, and although they borrowed \$100,000,000 of Morgan, in New York, they can not pay us.

Now, nobody is pushing about this settlement, what is the hurry about it?

The CHAIRMAN. The time of the gentleman from Oklahoma has expired.

Mr. McKEOWN. Marchetti, an Italian economic writer, tells us that Italy produces more silk, which is rightly called the queen of textile fibers, than any country in Europe or the Levant. She has recently produced 60 per cent of all the silk obtained in same period in Europe and Asiatic Turkey combined.

Another authority shows that on the whole in 1923 Italy was able to balance her trade by differences in freight on emigrants, freight received for goods imported and exported in Italian ships, sums remitted to Italy by emigrants, amount received from tourists, the difference in value of postal orders payable in Italy and those payable in other countries, difference between profits on Italian undertakings in other countries and the profits made by foreign companies on undertakings in Italy; and last, the amount received from war reparation after paying expenses of occupation and control.

A vote against this settlement is not a vote against Italy or her citizens; it is a vote for America and for her citizens, including every Americanized Italian citizen. It is not a vote that adds to Italy's debt; it is a vote not to add to the tax burden of our citizens.

If you add to the tax burden of American citizens you will destroy our Government, a Government which is a leader in liberty and righteousness; and if destroyed, then we lose a Government where its people are free to worship God according to the dictates of their conscience and where free speech and free press are enjoyed.

Mr. GREEN of Iowa. Mr. Chairman, I move that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. MADDEN, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill H. R. 6773, to authorize the settlement of the indebtedness of the Kingdom of Italy to the United States of America, and had come to no resolution thereon.

THE ADVANTAGES OF THE ALL-AMERICAN ROUTE CONNECTING THE GREAT LAKES WITH THE ATLANTIC

Mr. DEMPSEY. Mr. Speaker, under leave granted to extend my remarks in the Record, I insert a speech delivered by me yesterday before the New York State Chamber of Commerce, which is as follows:

Mr. Chairman, for a third of a century the construction of a deeper waterway connecting the Great Lakes with the sea has been the subject of profound agitation the country over, and especially in the Northwest.

Twenty-five years ago an investigation of an all-American route to the sea was made by the most eminent engineers of that day, and their report was submitted to Congress in 1900. The country, however, was divided as to what should be done. New York, with the three-quarters of a century history of growth, usefulness, and prosperity resulting from the construction of the Erie Canal, took a separate course and twice deepened that historic waterway, but not to a depth to meet modern needs. The Northwest, on the other hand, took its separate course and mistakenly saw its interests in developing a route through a foreign land by the St. Lawrence. In New York, the Empire State, prosperity developed and grew so rapidly that it lost interest in the development of a deeper waterway, while on the other hand the West, whenever the prices of wheat and corn declined, turned its thoughts to cheap transportation by water as one of the remedies for its ills. An association of Northwestern States was formed, annual appropriations were made, advocates employed, and the merits of the St. Lawrence have been widely and strenuously advocated. International commissions have been appointed and reported. Surveys have been made and are still under way.

To tempt New England and other parts of the East to join in advocacy of the St. Lawrence it has been urged, in season and out of season, that the crying need of New England and the East is for cheap water power to enable it to compete with the rapidly advancing manufacturing interests of the Middle South, and that this power could be had in vast quantities on the St. Lawrence, and would be developed as an incident to the improvement for navigation. Six millions of horsepower, it has been said—the equivalent of 30,000,000 tons of coal a year—could be developed on the St. Lawrence and distributed in New England and the East.

And this contention as to power was advanced as if we in the United States owned it all, while the truth is that we only own about one-tenth of it—5,250,000 horsepower of the power to be developed is in Canada and belongs to Canada, and but 750,000 horsepower is in the United States.

Until a few weeks ago it looked as if the controversy was to be long drawn out and desperately contested. There was no doubt that a deeper waterway connecting the Great Lakes with the sea was to be constructed. National conventions of both parties had repeatedly declared that this should be done. The Presidents, in messages, had urged that such a waterway is of the highest importance to the commerce of the country. The sentiment was strong and unanimous that the deeper waterway should be constructed, but it was divided as to whether it should be a foreign route through Canada or an all-American route. President Coolidge, in his message to Congress in December, said:

"For many years our country has been employed in plans and operations for the development of our intracoastal and inland waterways. This work along our coast is an important adjunct to our commerce. It will be carried on, together with the further opening up of our harbors, as our resources permit. * * *

"Two other main fields are under consideration. One is the Great Lakes and St. Lawrence, including the Erie Canal. This includes stabilizing the lake level, and is both a waterway and power project. * * * No final determination can be made, apparently, except under treaty as to the participation of both countries."

Secretary Hoover, in his annual report, said:

"Some progress has been made toward the ultimate foundation of the project to open a route between the Great Lakes and the ocean, * * * with great advantages to our farmers, our manufacturers, and particularly the whole of the people in the 18 States adjacent to the Lakes.

"Negotiations were initiated with Canada in 1922 * * * for * * * the improvement of the St. Lawrence River from Lake Ontario to Montreal, providing not only canalization for deep-sea

navigation to the Lakes but the development of large quantities of electrical power. National commissions were created in both Canada and this country. * * * A joint engineering board, under an appropriation by the last Congress of \$275,000, also an appropriation by Canada, is actively at work on the engineering aspects and will report early next year. Concurrent with this, the Department of Commerce has in process a critical economic study of the effects and benefits of this great project. The results of these studies, with the reports of the engineers, will be reviewed by the commission, and its final recommendations prepared for the consideration of the country.

"Arising out of these studies, Congress has also appropriated a sum of money for the study of an alternative route from the Great Lakes across New York State."

Before the President's message was delivered, and before the annual report of Secretary Hoover was issued, but probably after both of these documents had been prepared, a most important development as to the deeper waterway occurred. It can be best stated by quoting, as we do, from the Montreal Daily Star of November 26 the following, viz:

NO POWER EXPORT, SAYS TASCHEREAU

"There are two things that we will not have," Hon. L. A. Taschereau, premier of the Province of Quebec, declared this morning in an interview with the Star. "One is that the waters of rivers in the Province be used to generate electric power for export to the United States, and the other is that developments be carried out in the St. Lawrence River within our control which would injure the port of Montreal."

"The provincial premier was discussing the recent decision of the privy council which established the principle that the bed of the St. Lawrence River belonged to the Province of Quebec, as far as it was within the territory of this Province. He was also amplifying his remarks on this subject at a Liberal rally held in Lachute yesterday afternoon."

"Asked regarding the statement of Secretary Robb, of the Shipping Federation of Canada, to the effect that the Province of Quebec holds the key to the situation 'as regards the Deep Waterways Commission and the project that commission has in view,' Mr. Taschereau replied, 'He is quite right.'"

"As far as that part of the river running through Quebec territory was concerned, the Province of Quebec held the key to the situation. 'It amounts to this, that the project can not be carried through unless the Government of the United States, the Federal Government of Canada, and the governments of the interested Provinces is obtained,' Mr. Taschereau explained."

"And there are two things that we will not agree to," he added. "They are, first, that the waters of the rivers of this Province be used to generate electric power for export to the United States, and the other is that developments be carried out which would injure the port of Montreal. When we consider the millions of dollars that have been expended on the development of the port of Montreal and on making the necessary facilities for the use of this port, we would not consent to the expenditure of more millions for the purpose of removing these advantages which the port has acquired and undoing the good work that so much money was spent to do."

Briefly stated, the English court of last resort has decided that the St. Lawrence can not be deepened, nor can power be developed from it without the consent of the Province of Quebec, and that Province has set its face resolutely against the deepening of the river and against the exporting to the United States of any power developed upon it. The position taken by the Province of Quebec is an unsurmountable obstacle to the development of the St. Lawrence route.

The report of the present international commission on the St. Lawrence will be made in April; that of the board of engineers on the all-American route is, it is understood, practically completed, and can be expected at a very early date. The third of a century agitation on this question will be ready for settlement when these two reports are made. With Quebec able to block the improvement of the St. Lawrence and determined to do so, that route can not be had. On the other hand, two reports made a quarter of a century ago, as has been said by as able engineers as this country ever produced, show that the all-American route is entirely feasible. It would seem reasonable and almost assured on these facts that the all-American route would be certain to be adopted. But nothing is so dangerous as to lull one's self to sleep with a feeling of security where great issues are at stake. It is hard to rouse the people to an interest in a great public question. The people of New York believe that the Barge Canal has not answered the expectations indulged in when the great expenditures to deepen it to 12 feet were incurred. Because of this, and without any attempt to distinguish between a real deep waterway and a 12-foot barge canal, they have not been aroused to, and have no great interest in, the question. They do not realize its stupendous importance to the State as a whole, and to the city of New York in particular.

The people of New England are in doubt because the picture of a tremendous and cheap power coming in the wake of the development

of the St. Lawrence, to enable them to compete on equal terms with the rapid manufacturing advance of the Middle South, has dazzled them, and they will be slow to realize that Quebec is able to prevent the exportation of St. Lawrence power to the United States and that it has announced that it will do so.

The great Northwest has had drilled into it for many years the claim of men whose sole business it was to do so that the St. Lawrence is much to be preferred to the all-American route, and it will take time, patience, and effort to convince its people that the St. Lawrence route can not be had and that the all-American route is not only as good but will be better and more useful.

The time is ripe to secure the adoption of the all-American route, but it can not and will not be done without determined, united, earnest effort. We can do nothing more than to show the interview with the premier of Quebec and other like evidences to show that Quebec is in a position to and will block the deepening of the St. Lawrence and the development of the power there. This ought to be, and I believe will be, convincing, but that is not enough. We must also convince the people of the country, and particularly the Northwest, of the usefulness of the all-American route and of its advantages over the St. Lawrence. And I will speak briefly upon these questions.

VITAL AND VAST IMPORTANCE OF A NEW YORK DEEPER WATERWAY

Our successful citizens in their busy lives have found it impossible to study the importance of a deeper waterway across the State, and in consequence a great deal of misinformation and want of interest are prevalent. One will hear, for instance, the expression, "Why would not it have been better to have it put a four-track railroad in the bed of the old canal than to have expended the money we did in constructing the 12-foot barge canal?"

And this is taken not only to cover the matter as to which the question is asked but to dispose generally and in this offhand way of any merit in water transportation. People forget utterly that New York became and remained the "Empire State" because 100 years ago Dewitt Clinton, with wonderful foresight, succeeded in having the Erie Canal constructed. They forget also that up to the time iron ore was transported from the northwestern mines to Pittsburgh by the Great Lakes and coal shipped on the Monongahela, both at the lowest transportation rates known in history, the United States did not manufacture even its own rails for this, the greatest railroad-building country in the world.

It was the combination of these two cheap means of transportation for ore and coal which enabled us not alone to cease buying rails from England and to manufacture them ourselves but to enter the markets of the world in even competition with all foreign manufactures—the reduced rate on transportation offsetting the lower wages paid in foreign countries.

Transportation by rail costs about ten times as much as that on the Great Lakes and about five times as much as that on the ocean. These figures give a fair and reasonable estimate of the overwhelming importance of our availing ourselves of water transportation.

A recent and most vivid illustration of the overwhelming importance to industry of cheap water transportation is the fact that the opening of the Panama Canal has given manufacturing on the Atlantic so tremendous an advantage over plants in the interior that the latter realized their inability to compete, and a steady and rapid movement either of the entire plants themselves, or of branches, to the coast has been and is still going on.

THE FAILURE TO CONSTRUCT OR IMPROVE WATERWAYS AND TO USE THEM IS COMPARABLE TO THE NEGLECT TO DEVELOP OUR AVAILABLE WATER POWER

We have in the United States about fifty-five millions of horsepower which can be developed so as to be sold at rates only a fraction of the cost of power from coal, yet we have only developed ten millions of horsepower up to this time. We hear constant complaints of the high cost of living, and yet it is universally acknowledged that farm products as they leave the farmers' hands are sold at remarkably low rates, and the great part of the very large difference between the prices paid to the farmer and those paid by the consumer is charged, and justly so, to high transportation costs.

Everyone interested in public affairs recognizes that this high cost of living, and particularly of food, is as important, if not far the most important, of any problem confronting us, yet almost no one advocates the most certain remedy—the construction and utilization of waterways with their vastly lower rates for transportation.

HOW TO AROUSE PUBLIC SENTIMENT IN BEHALF OF THE UTILIZATION OF WATERWAYS

The thing to be done immediately is to induce members of the press to take an active interest in the development of our waterways. It is not because those in control of the press generally are not thoroughly patriotic and interested in what will be for the improvement and continued supremacy of the United States commercially and industrially that the press has not advocated the all-American route to the sea, but

because their attention has not been called to the vital importance of the matter with sufficient force to be effective.

This should be done by our men in public life and by the great commercial and business bodies of the Middle States, New York, and New England, such, for instance, as the State chambers of commerce and the other chambers of commerce and boards of trade of the various cities.

New York has grown to its present proud position by virtue of its many and great waterways and the wise use which it has made of them in the past. It can only maintain that position, and New York City can only remain the greatest port in the world by a use of waterways commensurate with the increased shipments and population of the country. The West does not know how vital it is to the progress of the whole country to have an all-American route, but it can be convinced if only our press will present the matter. New York is a member of a sisterhood of States, and there is the best of good feeling between the States advocating the St. Lawrence route and our own State. All we ask is an equality and a full and fair comparison of the merits of the two routes and we will win western support.

We are entirely satisfied that any such comparison will show that the all-American route lacks no advantage possessed by the St. Lawrence, and possesses many great advantages which the St. Lawrence lacks.

I am not, at this time, going into a discussion of the relative merits of the two routes other than to say that the St. Lawrence route will serve only our trade with Europe, while the all-American waterway will serve an infinitely more important commerce through the Panama Canal and for the entire Atlantic and Pacific coasts, as well as with the Orient and with South and Central America, Mexico, and the West Indies, because for all of our commerce except with Europe the St. Lawrence route is 2,000 miles longer, and so utterly unusable.

Every student of commercial relations knows that the future development of commerce in the United States depends in a manifold greater degree on the countries to the south and to the east of us than it does on Europe.

GREAT ADVANTAGES WHICH WILL COME FROM THE USE OF WATERWAYS

Those who are indifferent to waterway development point to what they call the failure of the 12-foot barge canal. As is well pointed out by President Loree, shallow canals have ceased to be of great usefulness. Transportation has been improved steadily in increasingly larger units for a half a century past. Where we used to have a freight car with a capacity of 15 tons, the freight cars of to-day carry from 40 to 100 tons.

While the freighter on the Great Lakes used to have a capacity of 1,500 to 2,000 tons, it is now nearly ten times that much, the modern Great Lakes freighters carrying 14,000 and 15,000 tons. Another thing which has discouraged and made our people indifferent is that they have been taught to believe that our recent expenditures on canals have paid no return. There could be no more mistaken idea than this, for a careful estimate shows that shippers and consumers had the benefit of a saving of \$50,000,000 last year in the lower cost of canal transportation across New York, and in the favorable rates made by the railroads by reason of canal competition.

There should be, of course, the same relative increase in the size of ships or barges on canals and of the canals themselves as there has been in freight cars in order to keep pace with the times and to preserve the advantage in rates which waterways have over railroads.

The development of transportation in the last generation has been amazing on land, on the water, and in the air, and we should recognize the necessity for comparative development. Just as the automobile made necessary the supplanting of the old wagon road by the modern highway construction, and the sailing vessel has been supplanted by the steamer, and the freight cars have been increased in capacity, so should our barges be increased in size and the inland waterways deepened to accommodate them.

Moreover, the most convincing proof of the usefulness of even our barge canal, which is shallow as compared with modern needs, is given by the course followed by great shippers. The Standard Oil Co., the shrewdest of corporations, has been rebuilding its storage tanks the length of the canal and has located them so that it would have the benefit of, and it has availed itself of, water transportation; and within 30 days last past the Munson Steamship Line has purchased the largest fleet of barges operated through the canals to make it possible to give through bills of lading and through shipments from all points on the Great Lakes to and from Atlantic points and South American ports.

This action of the Munson Line confirms by a practical example the argument which has steadily been advanced for the all-American route, that it would serve, as it is obvious the St. Lawrence can not serve at all, our growing and exceedingly profitable trade with the countries to the south of us.

The first step in the construction of the all-American route is to arouse our own people to the vital importance of utilizing waterways, because this will do more than all other things combined to reduce the cost of living.

Next, to convince, as we readily can, the public of the many advantages possessed by the all-American route over the route by the St. Lawrence and through a foreign country.

Then, to show the importance of action at this time, if through the press, through our chambers of commerce and other business organizations, and by the efforts of public-spirited and far-seeing business men like President Loree and President Munson, both of whom have been familiar in a large way with transportation problems, the facts which I have attempted to enumerate are brought to the attention first of the people of our own State and then to the country at large, there can be no doubt that at this time when, through the position taken by the Premier at Quebec, the St. Lawrence project is at an impasse, a general agreement can be reached for the development of the all-American route, and it can and will be constructed.

It is, of course, important to know that Mr. Loree, eminent in the railroad world as he is and for many years the head of a great railroad corporation, is one of the strongest, most logical, and most convincing advocates of the all-American route, showing what intelligent students of transportation have always known, that competition in transportation is, as in other lines, the life of trade and that railroads will not lose but will gain through the development of our waterways and cooperation between them and the railroads.

President Loree no doubt has in mind also, as all thoughtful men have, that when we have large crops and factories running on full time we have not the rail capacity in this country to handle our tonnage. And if the transportation of the country is to be carried, we must supplement our railway transportation by carrying at least our surplus and heavy nonperishable freight by water.

Mr. Craig, the managing director of the Great Lakes-St. Lawrence Tidewater Association, is very active in his advocacy of the St. Lawrence route, and in recent speeches has presented what he deems superior advantages of the St. Lawrence over the all-American route.

The very illustrations given by Mr. Craig show the St. Lawrence would be of the most limited usefulness to the United States. Mr. Craig says nearly five and one-half million tons of freight were carried through the St. Lawrence canals last year, and points to this as evidence of what a greater canal would do. The tonnage on the Great Lakes last year was 121,000,000 tons, and of this tremendous total less than 5,500,000 tons, or one-twenty-second, passed through the St. Lawrence. Certainly this is no great beginning toward carrying through the St. Lawrence to the ocean the enormous traffic yearly carried on the Great Lakes system.

TAKES UP LUMBER ARGUMENT

Then Mr. Craig gives us an illustration of a specific thing which the St. Lawrence can and will do for the country, his prophecy that the lumber of the Pacific coast will be distributed through that route. Specifically, he says:

"Lumber moves from north Pacific coast ports to Baltimore, Philadelphia, New York, and Montreal, distance of 7,000 miles, at a saving of from \$10 to \$12 per thousand feet over the transcontinental rail haul, resulting in inland distribution by rail as far west as Cleveland and Pittsburgh, north to Buffalo, and from Montreal up into the Great Lakes before meeting the transcontinental rail rate. In 1919 this lumber movement through the Panama Canal was but 2,000,000 feet. In 1924 it had risen to 1,200,000,000—600 per cent increase in six years. Pacific-coast lumbermen expect unbroken cargoes to move through the Panama Canal up the St. Lawrence and into the Great Lakes at a saving from \$3 to \$5 per thousand feet over present rail rates from the Pacific coast eastward."

It is undeniable that the great northeast part of the United States—the most densely populated and wealthiest part of our country—will have to secure its lumber in the future from the Pacific coast through the Panama Canal. The forests of Michigan were exhausted 20 years ago. The lumber cut in the South reached its apex some five years ago, and since then has declined.

The South is growing as rapidly in wealth and population as any part of the country. Its lumber requirements are increasing steadily and all the products of its forests will soon be required for local use. The builder and householder of the East can not stand the cost of railway transportation across the continent, and so the Pacific-coast lumber must come to us by water, and it should be distributed by water when it reaches us, but, of course, it is utterly ridiculous to say that it should be distributed through the St. Lawrence.

There is a contest between all American route—which ends in the Hudson and at New York City—and the St. Lawrence route, and so, as to the distribution of Pacific-coast lumber, the relative advantages of these two routes should be compared. And the comparison is an entirely fair one, because Mr. Craig has invoked it. To distribute through the St. Lawrence there must be an additional carriage of the lumber 800 miles north from New York City to the Gulf of St.

Lawrence before the international boundary between this country and Canada is reached, and for distribution through New York and New England the lumber must be carried east again as well as south, while on the all-American route not alone would this 1,600 miles of wholly unnecessary transportation be saved, but beginning with New York City and thence for every 25 miles or less along the route of the all-American waterway, there is a center of population where lumber is required, and the lumber will reach Buffalo, the Great Lakes, and the whole Northwest by the shortest route, in the shortest time, and at the least actual cost possible.

SAME TRUE OF OTHER PRODUCTS

What is true of lumber is equally true of other products. The example of lumber is not an isolated one. It will be found that when actual transportation of any article is considered we will secure equally greater advantages by the all-American route over the St. Lawrence to that afforded in the case of the transportation of lumber. This is natural and inevitable, owing to the fact that the United States has 112,000,000 people, with over three hundred billions of property, and has all of the wants incident to this great population and enormous wealth with which to supply their wants.

The part of the transportation for any products originating in any part of the United States northward to and westward on the St. Lawrence would be a total loss so far as opportunity to trade in it or sell it was concerned, for the extra 1,600 miles of travel. Canada would neither want nor buy the product, and it would find no market until it reached the United States after being carried at a dead loss this very long distance to the international boundary by the ocean and the St. Lawrence. There are no settlements on the St. Lawrence except at Quebec and Montreal. In the long distance of 800 miles between the ocean and Montreal there are two cities only. Contrast this with conditions in the United States along the all-American deeper waterway.

Mr. Craig next cites flour as a product to be transported. Minneapolis has been the great flour milling center of the country, and Buffalo is to-day its greatest rival. Our production of wheat flour in 1923 was 113,987,000 barrels, of which 20,860,000 barrels was exported, leaving over 93,000,000 barrels consumed in this country. From Minneapolis and from Buffalo our enormous commerce of flour can be supplied to all of the United States on the Great Lakes and Atlantic seaboard over the all-American waterway, and none of this territory can be served economically or practically by the St. Lawrence route. All the St. Lawrence would serve would be the European trade, and with the financial condition of Europe our trade there is certain to decrease. Our exports of flour are insignificant, and the most that can be claimed for the St. Lawrence is that it would serve this European trade equally as well with the all-American route. Mr. Craig next refers to steel. He says:

"Ninety-five per cent of the total iron and steel production of this country occurs either on or in territory tributary to the Great Lakes for intercoastal and export movement. The export is estimated to exceed 2,000,000 tons; of this amount 1,000,000 tons move to destinations which would be reached more cheaply by way of the St. Lawrence than by way of any present routing."

UNECONOMICAL AND IMPRACTICAL

We produced 31,405,000 gross tons of pig iron and 37,932,000 gross tons of steel ingots and castings in 1924. The exports of iron and steel during 1924 amounted to 1,805,114 gross tons, of which only 102,579 tons were shipped to European countries, and of the balance, with the exception of 110,000 tons shipped to British South Africa and other countries, all was shipped to the West Indies, Central and South America, Australia, New Zealand, and the Far East. Again, we find that the bulk of our output is consumed in our own country, and the all-American route will serve really all of our country for distribution, while the St. Lawrence, with its 1,600 to 2,000 miles added distance, is utterly uneconomical and impractical. Again, as has been said as to flour, the greatest claim that can be made as to steel is that it would serve equally well with the all-American waterway for our small, insignificant trade with Europe.

The American farmers are the only large class in our country who have not shared in the general prosperity prevalent since the close of the World War. They have had a succession of bad years, and have constantly been, and still are, looking for relief. Among other things, they have asked protection for their products in our tariff laws. Canada is one of the great wheat-raising countries of the world. The Northwest has preferred the St. Lawrence route because they have believed it would lessen transportation costs on the export of surplus wheat to Europe. The farmers of the Northwest forget, however, that if the St. Lawrence has the effect they imagine it will, it will reduce the cost of transportation of Canadian wheat as well as that of our wheat, and Canada uses the St. Lawrence much more than we do. Last year we shipped 25,000,000 bushels of grain down the St. Lawrence, while Canada shipped 140,000,000 bushels. It is bad enough for the Northwest to have the United States contribute the lion's part of the cost of construction of a foreign waterway to upbuild Canadian competition, but it is infinitely worse for the wheat

growers of Kansas and all the Middle West and the Pacific coast, for they will not share the low rates on the St. Lawrence, but will be compelled to ship their grain to the seaboard at the same rate they pay to-day, enabling the Canadian grain to be shipped at rates much lower than what they have to pay would be a serious blow to them.

Failure on the part of Mr. Craig to compare the relative merits of the all-American and the Canadian routes must be attributable to a desire to avoid a comparison. It requires only the most primary knowledge of climatic and geographical facts to enable one to see the great natural advantages which the all-American has over the Canadian route. Everyone knows that Canada has a long and severe winter, and that the season available for water transportation is much shorter than on the all-American route. Throughout the year, too, on the St. Lawrence route fogs and tides and icebergs make navigation so hazardous that a high maritime insurance rate prevails. None of these perils would exist on the all-American route, nor would the shipper or consumer be burdened with this added excessive cost of marine insurance. The reports of the commissions to which Mr. Craig alludes have no convincing weight.

Certain commissions have investigated the St. Lawrence route and have reported that it is feasible. No one contends that it can not be constructed and could not, if the United States is willing to expend the enormous sums necessary, be maintained. These commissions did not investigate both the all-American route and the St. Lawrence route and compare their merits, and the question involved is not whether the St. Lawrence could be deepened but whether it is economically advisable to do so at the expense of the United States. Moreover, half of the two commissions were made up of Canadians, and the proposition presented to the commission was to improve a Canadian waterway, much the greater part of the expense to be borne by the United States. So, before any investigation was commenced, and the instant the commission was appointed, half of its members would, of course, be expected to be in favor of its feasibility and advisability. We can not, therefore, on reviewing the findings of the commission as to the St. Lawrence, see anything which brings comfort to the St. Lawrence advocates. All that Mr. Craig quotes on the subject is the following:

"That the physical conditions are favorable for improvement of navigation which will be permanent and will have very low upkeep costs."

NOTHING MORE THAN A CONCLUSION

This is nothing more than a conclusion that the St. Lawrence can be deepened. The commissions failed wholly to report that the work when done will be justified by the traffic carried or the advantages to the two countries involved.

Excessive cost of the St. Lawrence route and undue proportion to be borne by the United States.

Mr. Craig says that the total cost of the St. Lawrence improvement is \$252,728,200. This estimate was made many years ago, and the very ablest engineers contend that the cost will be from \$500,000,000 to \$2,000,000,000.

While the commissions report that this cost should be borne in proportion to benefits derived, as the United States last year transported 121,000,000 tons of traffic on the Great Lakes and Canada but 7,000,000, it is reasonable to suppose that if the St. Lawrence should be deepened the relative proportion of the traffic of the Great Lakes would be the same in the St. Lawrence. The United States would pay on this basis \$17 to every \$1 paid by Canada. Then the development of the navigation would result in most of the work being done for power purposes. In the power produced we would have only three-quarters of a million horsepower, while Canada would have five millions and a quarter. After being deepened, the St. Lawrence will remain as it is, the river of a foreign country, and Canada will have also five-sixths of the power produced. Under such circumstances the amount the commissions ask us to pay is most unreasonable.

The unreasonableness of the proposals of the commissions is best shown, however, by the suggestion that the Welland Canal should be considered a part of the St. Lawrence routes and that the United States should contribute to the cost of its construction in the same proportion as it does to the deepening of the St. Lawrence. The Welland Canal, owing to the geography of the country, runs in a practically straight north-and-south line, 27 miles long, from Lake Erie to Lake Ontario. It will cost \$100,000,000 when completed. The United States can construct a canal from La Salle to Lewiston, a distance of only 7 miles, at a cost—on the ratio of the cost per mile of the Welland Canal—of \$28,000,000. Its contribution to the cost of the Welland Canal, suggested by the commission, would be at least \$50,000,000 and probably nearer \$85,000,000.

UNITED STATES WOULD SAVE MANY MILLIONS

When it had paid this huge sum it would at the most have simply the right to use a canal owned by Canada, through Canada, in time of peace. By constructing a canal of its own it would save at least \$22,000,000, and probably \$57,000,000, and would own a canal of its own, and vessels would be obliged to navigate a canal only one-quarter of the distance they would be obliged to travel if they took the Welland Canal.

The United States could use the Erie Canal from Tonawanda to Lockport and from Lockport to Olcott, on Lake Ontario, the 18-mile creek

which runs through a gorge, forming an ideal natural route, with practically no construction necessary. By adopting this course the United States would have a canal of its own, costing very much less than the contribution the commission recommends it to make toward the Welland Canal, and the banks on the side of the gorge from Lockport to Olcott are so high that vessels would not be obliged to slow down on account of any danger from the washing of the banks.

Advocacy of the St. Lawrence was obviously begun without preliminary studies as to the merits of the project. The agitation started in days when we exported much greater quantities of wheat than we do now and when the exportation of wheat to Europe was vastly more important than it is to-day. The agitation was started, too, before the construction of the Panama Canal, which has made it possible to unite the all-American route with the Great Lakes and the Atlantic, with our commerce through the Panama Canal, on the Gulf of Mexico, and on the Mississippi and its tributaries, embracing a system over 7,000 miles in length.

Our domestic commerce constitutes at least 85 per cent of our total trade, as against 15 per cent, the aggregate of our exports to all foreign countries. The all-American route will serve, at the low rate of water transportation, all our domestic trade, while the St. Lawrence will serve only that fraction of our comparatively small export trade which goes to Europe. The ability to make a complete United States waterway system by constructing the all-American route; the added domestic consumption of wheat; the constantly lessening exportation of it; the need of bringing the products of the West to the center of population in the East; and of bringing the lumber and other products of the Pacific coast, through the Panama Canal to the Atlantic ports, and for distribution all through our northern and eastern country has totally changed the relative merits of the two routes, and has made it plain that the all-American route will serve our country infinitely better than that through Canada.

QUEBEC OPPOSITION HELD FINAL

And then comes the final and unanswerable argument that Quebec, which has control of the situation, will not consent to the deepening of the St. Lawrence. By this means the carrying out of that project has become utterly impossible. The reasonable men who are interested in and have studied the question of these two routes have become thoroughly convinced and agreed that the St. Lawrence route is impossible because, as they put it, Canadians are so divided on the question whether the river shall be deepened that no agreement among them is possible for many, many years to come. These former advocates of the St. Lawrence are ready to join with those of us who have supported the all-American route from the start in the effort to have the project adopted, and that at the earliest date possible.

It is only the St. Lawrence advocates who have a selfish interest to serve who remain unconvinced. The St. Lawrence association has existed for many years and has grown. Those who are in control of and employed by the association naturally would be affected adversely by the adoption of the all-American route, but we hope that even they will be able to place the securing of what they must concede is a good route above any small personal disadvantages.

Mr. Craig in his speech criticized severely those who urged the fact that the all-American route is American, on our soil, and in our own country. He thinks this an improper view of the matter. On the contrary, the fact that the all-American route is wholly in our own country is a strong argument in its favor. Our people should prefer to develop their own railroads and waterways and their own country, in the interest of their own people, rather than to improve rivers in a foreign country for the benefit of another people, no matter how closely related they may be to us. We start with the circumstance that the Ontario-Hudson is an all-American route, being so important a factor in its favor that any route through a foreign country would need to be shown to possess many and much greater advantages before we should reach a conclusion to spend our money in building up a foreign land. When we find, however, as we do, that the all-American route is infinitely more advantageous than the St. Lawrence route, we rejoice that we can indulge our patriotism and our preference to develop our own country, not alone without sacrifice, but that at the same time we will materially advance our commercial interests.

I have worked for many years for the all-American route with most discouraging circumstances surrounding me, with a general lack of interest on the part of those who will benefit most by the construction of this great public work. Gradually, however, our people the country over have become convinced that the all-American route from the Great Lakes to the sea is one sustained not alone because of patriotic impulses but which is sure to bring the greatest commercial results. The country has become convinced also that Canada will not agree to the deepening of the St. Lawrence. Owing to this combination of circumstances the outlook for the all-American route has become exceedingly bright. It is firmly believed that with united and earnest effort it will be adopted by Congress in the near future, perhaps late in the present session.

Two things are important in his message, as evidencing the attitude of the President and of the country—first, emphasizing the im-

portance of waterway development, and, second, that this development will be carried on "as our resources permit."

While it is necessary to make an estimate of the cost of this all-American route, and it is proper to consider the returns to be anticipated in the way of commerce which will be carried, the American people are committed to the construction of a deeper route to sea—and the all-American route is the only one possible—and are thoroughly convinced that a deeper waterway—one as suitable to the needs of to-day as the Erie Canal was to the traffic of its period—will be so useful and so vital a factor in our transportation system and in reducing the cost of living that they have passed the stage of considering the cost of construction and are interested only to find that the route is feasible to construct and operate.

SWEARING IN OF A MEMBER

BEN JOHNSON, a Representative elect from the fourth district of Kentucky, appeared at the bar of the House and took the oath of office prescribed by law.

DISPENSING WITH THE BUSINESS ON CALENDAR WEDNESDAY

Mr. TILSON. Mr. Speaker, in order that the debt settlement bills may be considered continuously and go on to-morrow, I ask unanimous consent that the business on Calendar Wednesday to-morrow be dispensed with.

The SPEAKER. The gentleman from Connecticut asks unanimous consent that the Calendar Wednesday business to-morrow be dispensed with. Is there objection?

Mr. GARRETT of Tennessee. Reserving the right to object, is there any Calendar Wednesday business?

Mr. TILSON. There are two small bills from the Interstate Commerce Committee, but that committee is very busy at this time and I believe will not object.

Mr. GARRETT of Tennessee. I was about to suggest that if there was any business of importance to be taken up that instead of passing it over entirely it might be deferred until we complete this bill, but if the business is of minor importance we might as well pass it over.

Mr. TILSON. I think there is nothing on the calendar that can not wait until a week later.

The SPEAKER. Is there objection to the request of the gentleman from Connecticut?

There was no objection.

Mr. GREEN of Iowa. Mr. Speaker, I ask unanimous consent that debate on the bill under consideration for the settlement of the Italian debt be limited to 4 hours and 30 minutes.

Mr. GARRETT of Tennessee. I do not think you can make that agreement this afternoon.

Mr. COLLIER. Owing to the fact that there are so few Members present and on the eve of adjournment I think that it had better be deferred.

Mr. GREEN of Iowa. I will withdraw the request.

ADJOURNMENT

Mr. GREEN of Iowa. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 22 minutes p. m.) the House adjourned until to-morrow, Wednesday, January 13, 1926, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of Rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

270. A communication from the President of the United States, transmitting a supplemental estimate of appropriation for the United States Veterans' Bureau for the fiscal year ending June 30, 1926, for the payment into the adjusted service certificate fund (H. Doc. No. 208); to the Committee on Appropriations and ordered to be printed.

271. A letter from the Secretary of War, transmitting, with a letter from the Chief of Engineers, report on preliminary examination and survey of Appomattox River, Va., up to Petersburg; to the Committee on Rivers and Harbors.

272. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, submitting abstracts of proposals received during the fiscal year ended June 30, 1925, for materials and labor in connection with works under the Engineers Department; to the Committee on Rivers and Harbors.

273. A communication from the President of the United States, transmitting a proposed paragraph of legislation increasing the allowance for personal services, as carried in the District of Columbia appropriation act for the National Capital Park Commission, for the fiscal year ending June 30, 1926 (H. Doc. No. 209); to the Committee on Appropriations and ordered to be printed.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII.

Mr. SNELL: Committee on Rules. H. Res. 83. A resolution providing for consideration of H. J. Res. 107, providing for expenses of a preparatory commission on reduction and limitation of armaments; without amendment (Rept. No. 82). Referred to the House Calendar.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII.

Mr. McFADDEN: Committee on Banking and Currency. H. R. 2. A bill to amend an act entitled "An act to provide for the consolidation of national banking associations," approved November 7, 1918; to amend section 5136 as amended, section 5137, section 5138 as amended, section 5142, section 5150, section 5155, section 5190, section 5200 as amended, section 5202 as amended, section 5208 as amended, section 5211 as amended, of the Revised Statutes of the United States; and to amend section 9, section 13, section 22, and section 24 of the Federal reserve act, and for other purposes; with amendments (Rept. No. 83). Referred to the Committee of the Whole House.

CHANGE OF REFERENCE

Under clause 2 of Rule XXII, committees were discharged from the consideration of the following bills, which were referred as follows:

A bill (H. R. 7277) to authorize the sale of a parcel of land in the town of Westport, Conn.; Committee on Military Affairs discharged, and referred to the Committee on Rivers and Harbors.

A bill (H. R. 3753) to increase rates of pensions to certain soldiers, sailors, and marines of the Civil War, to certain widows of Civil War veterans, and to certain Army nurses of the Civil War; Committee on Pensions discharged, and referred to the Committee on Invalid Pensions.

A bill (H. R. 3514) granting a pension to Harriet J. Graham; Committee on Pensions discharged, and referred to the Committee on Invalid Pensions.

A bill (H. R. 6135) granting an increase of pension to Ruth S. Gleaves; Committee on Invalid Pensions discharged, and referred to the Committee on Pensions.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. DOUGHTON: A bill (H. R. 7450) to purchase a site for the erection of a post-office building and to erect a post-office building thereon in the city of Albemarle, N. C.; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 7451) to purchase a site for the erection of a post-office building and to erect a post-office building thereon in the city of Mooresville, N. C.; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 7452) to erect a post-office building in Lenoir, N. C., on a site owned by the Government; to the Committee on Public Buildings and Grounds.

By Mr. CHAPMAN: A bill (H. R. 7453) for the purchase of a site and the erection of a post-office building at Irvine, Ky.; to the Committee on Public Buildings and Grounds.

By Mr. McLEOD: A bill (H. R. 7454) to incorporate the American Bar Association; to the Committee on the Judiciary.

By Mr. CARSS: A bill (H. R. 7455) to legalize the submarine cable laid in the St. Louis River at the Spirit Lake Transfer Railway drawbridge between New Duluth, Minn., and Oliver, Wis., and used for the lighting of the village of Oliver, Wis.; to the Committee on Interstate and Foreign Commerce.

By Mr. COLLINS: A bill (H. R. 7456) to provide for the enlargement and extension of the post office and Government building at Meridian, Miss.; to the Committee on Public Buildings and Grounds.

By Mr. MORROW: A bill (H. R. 7457) to provide for the enlargement of the present public building at Santa Fe, N. Mex.; to the Committee on Public Buildings and Grounds.

By Mr. MANSFIELD: A bill (H. R. 7458) to authorize the acquisition of a site and the erection thereon of a Federal building at El Campo, Tex.; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 7459) to authorize the acquisition of a site and the erection thereon of a Federal building at Wharton, Tex.; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 7460) to authorize the acquisition of a site and the erection thereon of a Federal building at Alvin, Tex.; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 7461) to authorize the acquisition of a site and the erection thereon of a Federal building at La Grange, Tex.; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 7462) to authorize the acquisition of a site and the erection thereon of a Federal building at Hallettsville, Tex.; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 7463) to authorize the acquisition of a site and the erection thereon of a Federal building at Schulenburg, Tex.; to the Committee on Public Buildings and Grounds.

By Mr. NEWTON of Missouri: A bill (H. R. 7464) authorizing the Court of Claims of the United States to hear and determine the claims of persons or corporations who rendered services or furnished supplies used on certain steamships owned by the United States; to the Committee on Claims.

By Mr. FISH: A bill (H. R. 7465) authorizing the Secretary of War to lease land on the military reservation at West Point, N. Y., for the purpose of erecting apartment houses for persons connected with military service on duty thereat; to the Committee on Military Affairs.

Also, a bill (H. R. 7466) for the retirement of all enlisted men who have served honorably in the United States Army, as herein provided; to the Committee on Military Affairs.

By Mr. SUTHERLAND: A bill (H. R. 7467) to extend the provisions of the act of Congress approved September 7, 1916, entitled "An act to provide compensation for employees of the United States receiving injuries in the performance of their duties, and for other purposes," to Adolph Biederman; to the Committee on Claims.

By Mr. CARSS: A bill (H. R. 7468) for the purchase of a site and the erection of a public building at Hibbing, county of St. Louis, in the State of Minnesota; to the Committee on Public Buildings and Grounds.

By Mr. CHAPMAN: A bill (H. R. 7469) to enlarge, extend, and remodel the post-office building at Lexington, Ky., and to acquire additional land therefor if necessary; to the Committee on Public Buildings and Grounds.

By Mr. JENKINS: A bill (H. R. 7470) to authorize the Secretary of War to grant to the New York, Chicago & St. Louis Railway Co., its successors or assigns, a perpetual easement for railroad right of way over and upon Camp Sherman Military Reservation, in the State of Ohio; to the Committee on Military Affairs.

By Mr. HOLADAY: A bill (H. R. 7471) to provide for the national cooperation of the agricultural industry of the United States and credit facilities for the same; to amend the Federal farm loan act; to amend the Federal reserve act; and for other purposes; to the Committee on Banking and Currency.

By Mr. YATES: A bill (H. R. 7472) to punish the transportation of stolen property in interstate or foreign commerce; to the Committee on the Judiciary.

By Mr. FORT: A bill (H. R. 7473) for the exchange of land in East Orange, N. J.; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 7474) to amend section 4 of the immigration act of 1924; to the Committee on Immigration and Naturalization.

By Mr. KIEFNER: A bill (H. R. 7475) to provide for the purchase of a site and the erection thereon of a public building in the city of Flat River, Mo.; to the Committee on Public Buildings and Grounds.

By Mr. OLDFIELD: A bill (H. R. 7476) to amend section 200 of the World War veterans' act of 1924; to the Committee on World War Veterans' Legislation.

By Mr. TINKHAM: A bill (H. R. 7477) to readjust the compensation of mechanics' helpers in the motor-vehicle service of the Postal Service; to the Committee on the Post Office and Post Roads.

By Mr. WHITE of Kansas: A bill (H. R. 7478) to provide for the erection of a Federal building at Ellsworth, Ellsworth County, Kans.; to the Committee on Public Buildings and Grounds.

By Mr. ANTHONY: A bill (H. R. 7479) for the purpose of more effectively meeting the obligations of the existing migratory bird treaty with Great Britain by the establishment of migratory bird refuges to furnish in perpetuity homes for migratory birds, the provisions of funds for establishing such areas, and the furnishing of adequate protection of migratory birds, for the establishment of public shooting grounds to preserve the American system of free shooting, and for other purposes; to the Committee on Agriculture.

By Mr. DOYLE: A bill (H. R. 7480) to prohibit the collection of a surcharge for the transportation of persons or bag-

gage in connection with the payment for parlor or sleeping car accommodations; to the Committee on Interstate and Foreign Commerce.

Also, a bill (H. R. 7481) making eligible for retirement under certain conditions officers of the United States Army, Navy, or Marine Corps, other than officers of the regular forces, who incurred physical disability in line of duty while in the service of the United States during war; to the Committee on Military Affairs.

By Mr. McLAUGHLIN of Michigan: A bill (H. R. 7482) to provide for conveyance of certain lands in the State of Michigan for State park purposes; to the Committee on the Public Lands.

By Mr. RAYBURN: A bill (H. R. 7483) to amend the interstate commerce act; to the Committee on Interstate and Foreign Commerce.

By Mr. PARKS: A bill (H. R. 7484) granting the consent of Congress to the State Highway Commission of Arkansas to construct, maintain, and operate a bridge across Red River, near Fulton, Ark.; to the Committee on Interstate and Foreign Commerce.

By Mr. McFADDEN: A bill (H. R. 7485) to amend the second paragraph of section 4 of the Federal farm loan act, as amended in section 303 of the agricultural credits act; to the Committee on Banking and Currency.

By Mr. WASON: A bill (H. R. 7486) to amend the act of May 1, 1920, to revise and equalize rates of pension to certain soldiers, sailors, and marines of the Civil War, to certain widows, former widows and helpless and dependent children of such soldiers, sailors, and marines, and to certain Army nurses, and granting pensions and increase of pensions in certain cases; to the Committee on Invalid Pensions.

By Mr. SNELL: Resolution (H. Res. 83) providing for the consideration of House Joint Resolution 107; to the Committee on Rules.

By Mr. TILSON: Resolution (H. Res. 84) to amend Rule XXIV, clause 8, of the rules of the House of Representatives; to the Committee on Rules.

By Mr. GARRETT of Tennessee: Resolution (H. Res. 85) providing that the letter from Secretary of War Weeks concerning Brig. Gen. William E. Mitchell be referred to the Judiciary Committee of the House for review, and that said committee shall recommend and report to the House such legislation, if any, as it deems necessary to establish the just privileges of witnesses appearing before congressional committees, and for other purposes; to the Committee on Rules.

By Mr. SEARS of Florida: Resolution (H. Res. 86) authorizing printing of soil surveys of Orange County, Fla.; to the Committee on Printing.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ALDRICH: A bill (H. R. 7487) granting a pension to Lois I. Marshall; to the Committee on Pensions.

By Mr. AYRES: A bill (H. R. 7488) granting an increase of pension to Mary T. Ball; to the Committee on Invalid Pensions.

By Mr. BACHARACH: A bill (H. R. 7489) for the relief of William K. Lovett; to the Committee on Claims.

Also, a bill (H. R. 7490) granting an increase of pension to Mary Murphy; to the Committee on Invalid Pensions.

By Mr. BEGG: A bill (H. R. 7491) granting an increase of pension to Alice J. Connolly; to the Committee on Invalid Pensions.

By Mr. BLACK of New York: A bill (H. R. 7492) for the relief of William J. Greaves; to the Committee on Claims.

By Mr. BRIGHAM: A bill (H. R. 7493) granting an increase of pension to Eliza A. Hill; to the Committee on Invalid Pensions.

By Mr. BURDICK: A bill (H. R. 7494) for the relief of Joseph F. Daniels; to the Committee on Naval Affairs.

By Mr. CHALMERS: A bill (H. R. 7495) granting a pension to Sophia Rasenbrack; to the Committee on Pensions.

By Mr. COLLINS: A bill (H. R. 7496) for the relief of William D. Wilson; to the Committee on War Claims.

By Mr. CONNERY: A bill (H. R. 7497) authorizing the appointment of William H. Green as Artillery officer, United States Army; to the Committee on Military Affairs.

Also, a bill (H. R. 7498) granting a pension to Catherine E. Butt; to the Committee on Invalid Pensions.

By Mr. COOPER of Wisconsin: A bill (H. R. 7499) granting an increase of pension to Joanna Bidwell; to the Committee on Invalid Pensions.

By Mr. DICKINSON of Iowa: A bill (H. R. 7500) granting a pension to Carrie R. Royster; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7501) granting an increase of pension to Mary E. Crawford; to the Committee on Invalid Pensions.

By Mr. DOYLE: A bill (H. R. 7502) for the relief of Paul Sullivan; to the Committee on Naval Affairs.

Also, a bill (H. R. 7503) for the relief of Fuller-Morrison Co., of Chicago, Ill.; to the Committee on Claims.

Also, a bill (H. R. 7504) authorizing the President to appoint Richard Raymond Notter to the position and rank of lieutenant, Cavalry, in the United States Army; to the Committee on Military Affairs.

By Mr. EDWARDS: A bill (H. R. 7505) for the relief of Henry L. Stubbs; to the Committee on World War Veterans' Legislation.

Also, a bill (H. R. 7506) granting an increase of pension to Fannie Hamlet; to the Committee on Pensions.

By Mr. ROY G. FITZGERALD: A bill (H. R. 7507) granting a pension to Daniel Castator; to the Committee on Pensions.

Also, a bill (H. R. 7508) granting a pension to John Murphy; to the Committee on Pensions.

By Mr. W. T. FITZGERALD: A bill (H. R. 7509) granting a pension to William Briney; to the Committee on Pensions.

Also, a bill (H. R. 7510) granting a pension to John R. Creager; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7511) granting an increase of pension to Cynthia A. Shafer; to the Committee on Invalid Pensions.

By Mr. GLYNN: A bill (H. R. 7512) granting an increase of pension to Ellen M. Dudley; to the Committee on Invalid Pensions.

By Mr. HARDY: A bill (H. R. 7513) granting an increase of pension to Annie Brown; to the Committee on Invalid Pensions.

By Mr. HAUGEN: A bill (H. R. 7514) for the relief of Charles Wesley Crowell; to the Committee on the Civil Service.

By Mr. HAYDEN: A bill (H. R. 7515) granting a pension to Quo-tasch Aquisse; to the Committee on Pensions.

By Mr. JENKINS: A bill (H. R. 7516) granting a pension to Isaac Moore; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7517) granting an increase of pension to Mary Ann Grubb; to the Committee on Invalid Pensions.

By Mr. KEARNS: A bill (H. R. 7518) granting an increase of pension to Elizabeth Gaskins; to the Committee on Invalid Pensions.

By Mr. KELLER (by request): A bill (H. R. 7519) to reimburse Horace A. Choumard, chaplain in Twenty-third Infantry, for loss of certain personal property; to the Committee on Claims.

By Mr. KING: A bill (H. R. 7520) for the relief of the estate of Moses M. Bane; to the Committee on Claims.

By Mr. LONGWORTH: A bill (H. R. 7521) granting an increase of pension to Christina Stenger; to the Committee on Pensions.

By Mr. McLEOD: A bill (H. R. 7522) for the relief of William J. Nagel; to the Committee on Claims.

Also, a bill (H. R. 7523) for the relief of John G. Hohl; to the Committee on Claims.

Also, a bill (H. R. 7524) for the relief of Neil Mullane; to the Committee on Claims.

By Mr. MAJOR: A bill (H. R. 7525) granting an increase of pension to Sarah I. Dow; to the Committee on Invalid Pensions.

By Mr. MAPES: A bill (H. R. 7526) granting a pension to Ellen Manning; to the Committee on Invalid Pensions.

By Mr. MARTIN of Massachusetts: A bill (H. R. 7527) granting an increase of pension to Elizabeth Estes; to the Committee on Pensions.

By Mr. MOREHEAD: A bill (H. R. 7528) granting an increase of pension to James A. Galloway; to the Committee on Invalid Pensions.

By Mr. MURPHY: A bill (H. R. 7529) granting an increase of pension to Susanna Funk; to the Committee on Invalid Pensions.

By Mr. PHILLIPS: A bill (H. R. 7530) for the relief of A. W. Wallace; to the Committee on Claims.

Also, a bill (H. R. 7531) granting a pension to Rachel A. Boyer; to the Committee on Invalid Pensions.

By Mr. PORTER: A bill (H. R. 7532) to provide payment for services rendered in preparation for the international conference on traffic in habit-forming narcotic drugs; to the Committee on Foreign Affairs.

By Mr. ROMJUE: A bill (H. R. 7533) granting an increase of pension to William T. North; to the Committee on Pensions.

By Mr. SEARS of Florida: A bill (H. R. 7534) granting a pension to Mina Brookshier; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7535) granting a pension to Mary Ferguson; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7536) granting an increase of pension to Gordon W. Hall; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7537) granting an increase of pension to Jessie B. Hodge; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7538) granting an increase of pension to Elizabeth J. Bartlett; to the Committee on Pensions.

By Mr. SCOTT: A bill (H. R. 7539) to provide for the survey of the harbor at Menominee, Mich., with a view to its improvement for navigation; to the Committee on Rivers and Harbors.

By Mr. SNELL: A bill (H. R. 7540) for the relief of Edward F. Weiskopf; to the Committee on Military Affairs.

Also, a bill (H. R. 7541) granting an increase of pension to Elizabeth Frank; to the Committee on Invalid Pensions.

By Mr. SPEARING: A bill (H. R. 7542) for the relief of the heirs of Gen. Dick Taylor; to the Committee on Claims.

By Mr. SUTHERLAND: A bill (H. R. 7543) for the relief of Dan Kennedy; to the Committee on Claims.

By Mr. SWARTZ: A bill (H. R. 7544) granting a pension to Ida L. Williams; to the Committee on Pensions.

Also, a bill (H. R. 7545) granting an increase of pension to Maggie E. Diven; to the Committee on Invalid Pensions.

By Mr. TABER: A bill (H. R. 7546) granting an increase of pension to Mary Rogers; to the Committee on Invalid Pensions.

By Mr. THOMPSON: A bill (H. R. 7547) granting an increase of pension to Mary E. Allen; to the Committee on Invalid Pensions.

By Mr. THURSTON: A bill (H. R. 7548) granting an increase of pension to Caroline D. Owens; to the Committee on Invalid Pensions.

By Mr. VAILE: A bill (H. R. 7549) granting a pension to Mary Emily Fallin; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7550) granting a pension to Rufus M. Smith; to the Committee on Pensions.

By Mr. VINCENT of Michigan: A bill (H. R. 7551) granting an increase of pension to Hannah E. Ward; to the Committee on Invalid Pensions.

By Mr. WEAVER: A bill (H. R. 7552) granting a pension to William E. McElroy; to the Committee on Pensions.

By Mr. WEFALD: A bill (H. R. 7553) granting a pension to Maud Works; to the Committee on Invalid Pensions.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

344. By Mr. W. T. FITZGERALD: Petition of Mercer County, Ohio, Rural Letter Carriers' Association, requesting enactment of House bill 4045, and opposing the proposed contract system for rural free delivery; to the Committee on the Post Office and Post Roads.

345. By Mr. FULLER: Petition of the Cairo Association of Commerce, of Cairo, Ill., urging the consent of Congress for the construction of certain bridges connecting the city of Cairo with the States of Missouri and Kentucky; to the Committee on Interstate and Foreign Commerce.

346. Also, petition of former employees of the subtreasury service, favoring change in the civil service retirement act as included in House bill 7; to the Committee on the Civil Service.

347. Also, petition of the Reserve Officers Association of the State of Illinois, favoring enactment of House bill 4800, to provide further for the national security and defense; to the Committee on Military Affairs.

348. Also, petition of United Spanish War Veterans of Laramie, Wyo., concerning certain provisions of House bill 98, a bill for the relief of Spanish War soldiers; to the Committee on Pensions.

349. By Mr. KINDRED: Petition of the American Association for the Recognition of the Irish Republic to the United States Congress, opposing entry into the United States of the World Court; to the Committee on Foreign Affairs.

350. By Mr. KING: Resolution of Local Union 203, Quincy, Ill., of the Bakery and Confectionery Workers' International Union of America, protesting against the Bread Trust and asking investigation; to the Committee on the Judiciary.

351. By Mr. LINDSAY: Petition of Frank Bosch, opposing repeal of act approved January 12, 1919, under which the Navy manufactures uniforms to be furnished officers of Navy, Coast Guard, and Public Health Service at cost; to the Committee on Naval Affairs.

352. Also, petition of Frank W. Zerden, 363 Westervelt Avenue, Staten Island, N. Y., and others, for scientific in-

spection of device for prevention of sinking of ships of any size or type; to the Committee on Naval Affairs.

353. By Mr. THOMPSON: Petition of Evans Post No. 149, Department of Ohio, Grand Army of the Republic, requesting Congressman THOMPSON to support any pension bill which would increase the pensions of Civil War veterans to \$72 per month and their widows' pensions to \$50 per month; also asking Mr. THOMPSON to vote and work for the repeal of Joint Resolution No. 74 of the Sixty-eighth Congress for the restoration of Arlington Mansion in Arlington Cemetery; to the Committee on Invalid Pensions.

354. By Mr. WEFALD: Petition of 85 Chippewa Indians, of Onigum, Minn., asking Congress to enact a law providing for a per capita payment of \$100 for the Chippewa Indians of Minnesota, the payment to be made from the tribal funds of the Chippewas; to the Committee on Indian Affairs.

355. Also, petition of 32 Chippewa Indians, of Pine Bend, Lengby Post Office, Minn., asking Congress to enact a law providing for a per capita payment of \$100 for the Chippewa Indians of Minnesota, the payment to be made from the tribal funds of the Chippewas; to the Committee on Indian Affairs.

356. Also, petition of 48 Chippewa Indians, of Lengby, Minn., asking Congress to enact a law providing for a per capita payment of \$100 for the Chippewa Indians of Minnesota, the payment to be made from the tribal funds of the Chippewas; to the Committee on Indian Affairs.

357. By Mr. GRIFFIN: Petition of residents of the city and State of New York, urging the adoption of United States patent named "Avythistos" by its inventor for preventing ships from sinking; to the Committee on Naval Affairs.

SENATE

WEDNESDAY, January 13, 1926

The Chaplain, Rev. J. J. Muir, D. D., offered the following prayer:

O Lord, our God, the author of our being and from whom all blessings flow, we turn our thoughts toward Thee, seeking Thy help. We need guidance; there is such a tendency in our lives to go in paths of our own determination, forgetting Thee. Help us, we beseech Thee, to look at the larger conceptions of privilege and of duty, and may we so walk, so live, so do, that Thine approval may be had constantly. And thus when the day is set we may be able to look back upon the work accomplished with the consciousness of Thy benediction. Hear and help. For Jesus' sake. Amen.

The Chief Clerk proceeded to read the Journal of the proceedings of the legislative day of Thursday, January 7, 1926, when, on request of Mr. CURTIS and by unanimous consent, the further reading was dispensed with and the Journal was approved.

DESTRUCTION OF UNITED STATES CHECKS

The VICE PRESIDENT laid before the Senate a communication from the Secretary of the Treasury requesting legislative authority for the destruction of certain paid United States checks which, with the accompanying draft of proposed legislation, was referred to the Committee on Finance and ordered to be printed.

PETITIONS AND MEMORIALS

Mr. ROBINSON of Arkansas presented petitions of sundry citizens in the State of Arkansas praying for the repeal or reduction of the so-called war and nuisances taxes, especially the tax on industrial alcohol used in the manufacture of medicines, home remedies, and flavoring extracts, which were referred to the Committee on Finance.

He also presented a letter in the nature of a petition from R. N. Benson, vice president of the Ritchie Grocer Co., of El Dorado, Ark., praying for a reduction in the Federal income tax on corporations, which was referred to the Committee on Finance.

Mr. WARREN presented resolutions adopted by the American Indian Association (Inc.) (Daughters of Sacajewa, Man-hat-ta Council), of New York, N. Y., favoring the erection of a suitable monument to the memory of Sacajewa, or Bird Woman, which was referred to the Committee on Indian Affairs.

Mr. FRAZIER presented petitions signed by Erick Omar and 38 other citizens and by Pius Stroh and 24 other citizens, all in the State of North Dakota, praying for the repeal or reduction of the so-called war and nuisance taxes, especially the tax on industrial alcohol used in the manufacture of medi-